



Hydro... FEEL SAFER WITH SURELOK Britax... CONTINENTAL SELLING PRICES: AUSTRIA S.15; BELGIUM F.25; DENMARK K.3.5; FRANCE F.3.5; GERMANY DM2.0; ITALY L.1.95; NETHERLANDS F1.2; NORWAY K.3.5; PORTUGAL Ec.20; SPAIN Ptas.48; SWEDEN K.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY... ERAL... Faulkner... es in... ding... cident

...TIN PRICES... 6,400... 6,200... 6,000... 5,800... 5,600... 5,400... 5,200... 5,000... 4,800... 4,600... 1976... 1977

...Japanese siege... young ultra-rightwingers... arrested early today after 2 hours at the Tokyo offices

...rship blaze... Ministry of Defence said three men were killed in a room fire aboard HMS... in the Bristol Channel

...ster wins... with Africa's first formal public opinion poll... Vorster's National Party

...polio case... 7-year-old boy living in London... has been diagnosed as a polio case

...boys in crash... young Israeli embassy... were killed and two injured when their car was in a lorry near own

...rity... Society says that Britain... press ahead immediately the first commercial-size reactor

Table with 2 columns: Item, Change. Includes Royal Insurance, Sun Alliance, Trust Houses Forte, etc.

Jack Jones urges new price freeze backed by law

BY ALAN PIKE, LABOUR STAFF

A legally-enforced freeze on virtually all prices including fuel costs and fares was demanded by Mr. Jack Jones, Transport and General Workers Union general secretary, and the union's executive yesterday.

"A drastic wages explosion" taken on prices immediately... would occur unless policies for an orderly return to free collective bargaining were based around strong Government action on prices, taxation and unemployment, the union warned.

Mr. Jones's demand for a general freeze on prices goes much further than the call in the TUC's economic review... published earlier this week for action to ensure that the rate of price increases is brought well below the 15 per cent inflation rate forecast by the Government for December this year.

Row as Tory publicly leaks NEDC housing report

BY IAN HARGREAVES AND MICHAEL CASSELL

A POLITICAL ROW erupted over a National Economic Development Council paper on housing policy yesterday when it was publicly leaked to the Press by Mr. Hugh Ross, the Opposition front-bench spokesman on housing.

The 185-page document, the result of 18 months' work by a housing strategy committee, suggests that a large majority of people would like to own their own homes... It also shows that on a 60-year projection a new council house would cost three times as much in subsidy as an individual buy a similar house with the help of a mortgage.

EEC officials in London probe newsprint cartel allegations

BY MAX WILKINSON, INDUSTRIAL STAFF

INVESTIGATORS from the European Commission made an unexpected visit to a London company last week as part of an international inquiry into allegations of a cartel in the supply of newsprint.

Booth extends job schemes

By Ivor Owen, Parliamentary Staff

SPECIAL training measures and other schemes aimed at easing unemployment among young people are to be extended, Mr. Albert Booth, Employment Secretary, said in the Commons yesterday.

There was a general welcome for the decision that the youth employment subsidy, the work experience programme and the job creation programme were to be extended to August 31, 1977.

Mr. Booth attaches special significance to the fact that, despite the world recession, apprentice and other training is still sustained at a high level. He said that the additional commitment would support about 41,500 training places.

Borrowing well below forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A PUBLIC sector borrowing requirement in the current financial year of at least £1.5bn. a rise in VAT would push up the retail price index at a delicate stage of the pay talks.

The desire to link any tax changes in the budget on March 29 with the pay talks together with caution about the PSBR, could lead Mr. Healey to announce limited income tax cuts unconditionally in the budget with the promise of further action later. This would depend on the outcome of the talks and the prospects for the economy.

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Table with 3 columns: Item, Mar. 3, Previous. Includes Italy's State Companies, Politics Today, Jack Jones on work place incentives, etc.

Two essential guides to Property Portfolio Valuations.

Advertisement for 'VALUATION OF FIXED ASSETS UNDER CURRENT COST ACCOUNTING' by Jones Lang Wootton. Includes image of a book and contact information: 103, Mount Street, London W1Y 6AS. Ref: CCA.

How not to split the Treasury

BY ANTHONY HARRIS

THE SUDDEN outburst of proposals to split the public spending control division from the Treasury and amalgamate it with the Civil Service Department is decidedly odd.

Time-honoured Easily the silliest, one might have thought is the notion of breaking the time-honoured rule that expenditure and revenue are two sides of the same coin.

NORTH SEA OIL REVIEW

BNOC and the Thistle Field

All this means that BNOC through its equity stake and State participation arrangements, has gained a sizeable shareholding in the Thistle Field.

It is to be hoped that the licence shares on blocks 14/16 and 14/17 will be less complicated than the arrangement that has evolved on the Thistle block.

It was known that BNOC would be operating on blocks 3/24b (with BP), 9/14b (with Hamilton Brothers), 13/14 (with the Kerr-McGee group) and 30/17b (with Shell/Esso).

The concessions, close to Occidental's Claymore Field, are among the most attractive to be offered in the fifth round.

It is understood that the group agreed early during the bid stage that BNOC should assume ownership using the expertise of the team in BODL which discovered and is now developing the Thistle Field.

Nevertheless, taken together they could put the end of the field back to the start-up of this year or even early next year, rather than the target month of October being mentioned in the industry a few months ago.

Table titled 'COMPLEXITY OF THE THISTLE FIELD SHAREHOLDING' showing interest percentages for various groups like Deminor, Santa Fe, Tricentral, etc.

It is estimated that piling is about 60 days behind schedule. Started in September, this work

TV Radio

- BBC 1 7.05 The Tom and Jerry Show. 7.15 World Figure Skating Championships.

RACING

- Only 12.25 Friday Matinee: 'St Davids' starting 12.25. 1.25 Sunday. 1.25 Sunday.

Border Incident drops

RICHARD HEAD yesterday announced Border Incident, suffering from sore shins, as a definite non-runner for the Gold Cup in two weeks' time.

F.T. CROSSWORD PUZZLE No. 3321

Crossword puzzle grid with numbers 1-28 indicating starting positions for clues.

- ACROSS 1 One article allowed to appear in another jumper? (7)

BBC 2

- 6.40 a.m. Open University. 11.00 Play School. 1.20 p.m. Open University.

LONDON

- 9.20 a.m. Schools Programmes. 12.00 Kath's Quiz. 12.10 p.m. Pickings.

Yachswoman finds sponsor

CLARE FRANCIS, a British girl to take single-handed transatlantic has found a yacht and crew for the 1977-78 Round-the-World Race.

Hope for birds in Tees plan

ON THE FACE of it, the birds versus industry battle that has been lost to the needs of economic expansion.

RADIO 1

- 6.30 a.m. As Radio 2. 7.00 Radio 1.

World Outlook

The Economist Intelligence Unit report, World Outlook 1977, reported yesterday.

OVERSEAS NEWS

Opposition ponders lesson of S. Africa poll defeat

BY QUENTIN PEEL

JOHANNESBURG, March 3.

LEADERS OF THE South African white Opposition parties to-day ordered a reassessment of their political strategy in the wake of elections which revealed a continuing swing in popular support towards the ruling National Party (NP) of Prime Minister John Vorster.

In municipal elections throughout the Transvaal, and a by-election in the Cape—a first formal test of public opinion in the country since last year's black township riots—the Nationalists emerged as the undoubted overall victors.

At the same time the anti-apartheid Progressive Reform Party (PRP) won ground in a polarisation of white politics at the expense of the conservative United Party (UP). But the PRP, while emerging as the largest single party in Johannesburg yesterday's key election, failed to win an absolute majority, as its leaders had confidently predicted.

Rhodesia land Bill vote is delayed

SALESBURY, March 3.

PRIME MINISTER Ian Smith's crucial parliamentary test over his moves to reduce racial discrimination in Rhodesia appeared to have been delayed today.

Members of the House of Representatives were still debating a controversial scheme to change the Land Tenure Bill, which divides Rhodesian land equally between 270,000 whites and 6m. blacks.

The vote on the second reading of the Bill, originally expected today, is now thought unlikely to take place at least until tomorrow, and possibly not until next week.

A rebellion yesterday within Mr. Smith's Rhodesian Front party over the Bill had threatened parliamentary defeat for the Government had a vote been taken today.

Political sources said Mr. Smith might try to put off the second reading vote for as long as possible to win time to strengthen his position.

The crisis blew up yesterday when 12 of the 50-member Rhodesian Front parliamentary party walked out of a caucus session in protest over the planned changes.

The revolt made it probable that Mr. Smith would not obtain the two-thirds parliamentary majority needed to pass the measures, which are an integral part of his plan to woo black nationalist leaders towards an internal political settlement.

The South African Press Association reported today that the rebellion may be growing. It quoted sources within the rebel camp as saying three or four other Rhodesian Front MPs might join them.

Mr. Des Frost, the party's chairman, was not available for comment today, but party leaders are believed to be considering an executive meeting to determine the future of both the party and Mr. Smith.

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WORLD TRADE NEWS

Record trade between East and W. Germany last year

BY LESLIE COLLITT

BERLIN, March 3.

TRADE BETWEEN East and West Germany rose 13 per cent last year, to a total of DM3.4bn. (some £2bn.), one of the highest growth rates in years.

East Germany managed to narrow its trade gap by boosting deliveries to West Germany a record 16.1 per cent, while West German shipments to East Germany rose 11 per cent.

West Germans do not speak of exports and imports in connection with East Germany but refer to inter-German trade.

The exchange of products, which comes close to barter trade, is free of tariffs and EEC quotas, allowing East Germany to gain access to one of the world's lucrative markets without many of the problems of other Comecon countries.

Domestically, East Germany's growth rate last year, the first in the current five-year plan, was 3.7 per cent, compared with the target of 5.3 per cent.

The shortfall, however, was largely due to the severe drought which caused agricultural production to plunge by nearly 10 per cent. East German industrial production rose by 5.9 per cent, coming close to the target figure of 6 per cent.

The East German sales drive on the West German market this past year was achieved after West German production in order to narrow what had become a widening trade imbalance.

As a result, the West German surplus last year in trade with East Germany declined from DM638m. in 1975 to DM532m. despite the 13 per cent higher level of exchanges.

East Germany paid DM300m. in cash for goods and services so that its indebtedness to West Germany rose by just over DM500m. to an accumulated total of DM1.5bn.

The fact that the payments gap with West Germany did not grow as fast as in previous years was of particular importance to East Germany as its trade picture with other OECD countries was far from rosy.

East Germany continued to grow to the West, even as it did its trade at a rapid rate with the Soviet Union, its gap with the partner chief trading widened over 1975 because of imports at the new natural gas price levels based on a sliding five-year average of world market prices.

The East Germans imported machinery and chemicals. The East German imports of oil in turn received the oil from the Middle East, worth DM328m. while they exported refined oil products worth DM614m.

The East German exports of products worth DM614m. in 1977 were shipped mainly to West Berlin which lies in the heart of East Germany.

Korea \$365m. loan from Britain

BRITAIN AND South Korea have entered a three-day meeting in Seoul with a view to giving consideration to a \$365m. loan for substantial investment projects.

South Korea, the United Kingdom and the World Bank are to discuss the loan for a five-member delegation led by Mr. R. T. Kemp, Secretary to ECDF, in Seoul.

The British loan to Korea is \$116m. for the second 650,000 kW plant, \$41m. for 342 MW pressure electric plant, \$16m. for four 60,000 bhp turbines.

Also \$35m. is for machinery plant under licence from Hyundai International, a marine diesel engine \$128m. for the import of building materials, engineering consultants, etc.

The two countries are to hold a similar meeting next year.

Optimism motor parts sales to U.S.

DETROIT, Mich. BRITISH automotive parts industry exports to U.S. this year will be well over \$200m. with \$150m. in 1977.

Mr. Philip Bentley, British representative to the U.S. Board of Trade, said the group first took part in 1973.

Drop in Swedish pulp production

SWEDISH pulp production declined last year by 4m. tonnes, the Svenska Papper Association said.

But the total production including requirements for paper production rose by 8.3m. tonnes, a slight increase in the of mechanical pulp in the total was still very pared with 1974.

Total paper production increased by 12 per cent to 5m. tonnes. Production of free paper in particular was a marked improvement.

Mr. Bengt Eriksson, Swedish representative to the U.S. Board of Trade, said the group first took part in 1973.

\$40m. Iran deal signed by India

NEW DELHI, March 3. Kamani Engineering Corporation, a private Indian company, has won a \$40m. contract from Iran's state electricity generation company.

This is the single biggest deal between a private Indian company and Iran. The contract involves supply and installation of a 730 kw high voltage transmission line, the longest in Iran.

The contract is part of an attempt by Iran to build up a massive transmission network.

Laing in £11m. Dubai contract

John Laing is part of a consortium which has won an order to build an £11m. tower complex containing shops and apartments.

The 24-storey building is being constructed for Sheikh Mohammed bin Rashid Al Maktoum, son of the Ruler of Dubai, and will be located in the centre of Dubai.

Agreement on shoes

Mr. Edmund Dell, Secretary of State for Trade, has been satisfied that certain men's leather shoes originating in Czechoslovakia and certain men's leather sandals originating in Poland have been imported into the U.K. at dumped prices.

Following discussions with the department, the Czechoslovak and Polish footwear exporting organisations have given satisfactory undertakings about future price levels.

Higher E. European suit prices

FINANCIAL TIMES REPORTER

PRICES of suits imported into the U.K. from Eastern Europe are to be increased, following a five-month investigation carried out by the British Government into dumping allegations by British clothing manufacturers.

An agreement with Czechoslovakia, East Germany, Hungary, Poland, Romania and Bulgaria was announced in a Commons reply by Mr. Edmund Dell, Secretary of Trade, who said that his department had found a measure of dumping and injury to the U.K. industry.

The exact amount by which the prices will be increased is confidential under the agreement reached with the suppliers, but it is thought that the landed price will be increased by about 15-20 per cent. With the retailer normally putting a 100 per cent mark-up on suits after the importer has added his cost and profits, the price of imported suits in the shops could rise significantly above the £20 figure at which many are now being sold.

Importers have taken an increasing share of the U.K. suit market in recent years, with more than one-third of total sales and a particularly strong position at the cheap end. In the first 11 months of last year, 61,000 suits were imported from Eastern Europe at an average price of £11.82, with Romania the leading supplier. Under an agreement with the EEC, Romania was granted a quota of 370,000 suits into the U.K. last year, rising to 384,000 this year.

Mr. Dell said that the Government would be continuing to keep prices under review. The part of the dumping application which covered boys' suits was being dropped, as quantities were relatively small, but this too might be looked at again if it was considered by the industry that a major threat was involved.

The Clothing Manufacturers' Federation, which has campaigned for action to counter the impact on domestic manufacturers of low-cost imports, welcomed the Government's statement and said that it would be keeping a watch on prices. "By itself, this agreement does not entirely remove the threat to the British clothing industry," but it is encouraging, and manufacturers can look to the future with more confidence than they have felt for years," Mr. Richard Carreras, the federation's chairman, said. He said that manufacturers would be able to consider plans for modernisation and further investment to expand the level of production and the labour force.

Stalemate on DISCS

By David Egli

GENEVA, March 3. A PROCEDURAL stalemate has developed here between the U.S. and three countries of the European Community on GATT panel findings concerning American domestic international sales corporation (DISC) legislation and certain tax practices of France, Belgium and the Netherlands.

The American delegate, stressing the interrelated nature of the separate findings of the GATT panel, reached last November, called for the adoption of all four reports together. This was firmly rejected by the Community.

Backed by Canada and Japan, the Community spokesman argued for the withdrawal of the U.S. DISC legislation, but said nothing about the findings concerning the European countries.

The French rejected the conclusions of the panel with regard to French tax practices, and argued that the tax practices relating to overseas subsidiaries did not come under GATT legislation and that the experts had defined exports far too widely in the wake of a series of wage increases.

Similar arguments may also be applied to the findings concerning Belgian and Dutch practices. The council chairman decided that the matter should be taken up at a later meeting.

When the British Prime Minister last came to Bonn, in summer 1976, Chancellor Helmut Schmidt suggested to a slightly startled British Government that the European Community should include industrialists, bankers and trade unionists. He was mildly emphasising that in Germany such people have status in the national leadership and have a contribution to make in international contact.

The same message is implicit in the economic commissions with which Germany pursues the economic aspects of its foreign relations. At regular intervals the Economics Minister, or one of his secretaries, will take a team of industrialists, bankers, and trade unionists abroad. Such commissions chiefly to Comecon countries and to OPEC countries—places where the state has a great deal of control over business. Their function is to stress that West Germany is a market economy, that it is businessmen, and not Government officials who do Germany's business abroad.

The message in Bonn is always the same. That Germany's export success is due to the inclination of German businessmen to trade and sell goods abroad, and that the government provides little more than general information to help them pursue this inclination.

The 1976 budget provided just DM325m.—about £7m.—for export promotion, which is a very small amount in absolute terms, let alone relative to West Germany's exports. Great Britain is reckoned to have spent over £10m. in the same period.

£22m. gas turbine orders

John Brown Engineering gas turbines yesterday announced orders worth £22m. to customers in Canada, Venezuela, the Middle East and Britain.

The company finished last year with an export order book worth more than £100m., including major contracts for turbines for Russia, China and the Middle East.

The new orders include power station generating turbines and mechanical drive units for Calgary, Alberta, and the oil terminal at Sullom Voe, Shetland.

Laing in £11m. Dubai contract

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The 24-storey building is being constructed for Sheikh Mohammed bin Rashid Al Maktoum, son of the Ruler of Dubai, and will be located in the centre of Dubai.

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Turbine key

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Keidanren officials held hostage

BY OUR OWN CORRESPONDENT

TOKYO, March 3.

FOUR YOUNG would-be Samurai armed with ritual swords and at least one rifle stormed into the central Tokyo headquarters of the Federation of Economic Organisations (Keidanren) this afternoon. They took four hostages and barricaded themselves in the office of President Toshiwo Doko, whom they said they had intended to take hostage, but who was absent.

The youths, once members of an ultra-right-wing private army recruited by the late Japanese novelist Yukio Mishima, called the Tatenokai (Shield Society), later released two of their hostages but at mid-night were still holding prisoner two Keidanren employees.

Hours after their dramatic dash into the building, the four gave a Keidanren official a manifesto for delivery to the Press. In it they attacked big business in Japan for corrupting the spirit of the people through plutocracy and commercialism in the 30 years since World War II.

Djibouti to be independent of France by July

By David Curry

Afro-Arab summit aims for mutual aid pact

BY ANTHONY McDERMOTT

PARIS, March 3. FRANCE will make a retreat from colonial empire by the end of June. A conference in Paris has agreed that a referendum on the independence of the Territory of the Afars and the Issas (Djibouti) on the African shore of the mouth of the Red Sea, opposite Yemen, will be held on April 24. Full independence will follow towards the end of June.

IN PREPARATION for the first Afro-Arab summit conference, which opens on Monday, many of the Foreign Ministers of the 90 nations involved met in Cairo yesterday. The bargain to be struck at this summit, which the Arab President Sadat, has described as "the first time those who possess raw materials, energy sources and capital have come together," is between African political support for the Arabs in exchange for Arab money to offset the damaging effects of the rise in oil prices.

Djibouti (some 8,000 square miles of rock and desert with a population of no more than 200,000) is affected by persistent tension between her two neighbours Ethiopia and Somalia. Half of Ethiopian trade passes through Djibouti, while Somalia claims the territory, along with substantial chunks of north-east Kenya and Ethiopia. The Issas people are racially akin to neighbours in Somalia.

Since the 1973 Arab-Israeli war, almost all black African countries have broken off diplomatic relations with Israel. But there are signs that this support has been weakening because of disappointment at the slowness with which the Arab countries have been prepared to offer financial aid. On political issues, it is likely that because of Israel's relations with South Africa, racism and Zionism will be equated and condemned.

French policy has been to base administration on the Afars, and not all the various factions in the country have managed to agree about independence. The UNH has accused the French of trying to steer the territory into annexation by Somalia, whose regime is closely linked with the USSR.

At the same time there are issues on which there could be differences of opinion, such as Arab support for the Moslem Eritrean liberation groups in Ethiopia, security in the Red Sea, and the future of the former Spanish colony of Western Sahara, whose division between Morocco and Mauritania is contested by the Algerian-backed Frente Polisario.

The Paris conference agreed that France will assist in the creation of a Djibouti army, afford general assistance and apparently offer some sort of defence pact. However, it appears that the present French base will cease to exist in its present form.

THE LIBYAN Arab Republic will henceforth be known as the People's Socialist Libyan Republic, it was announced in Tripoli last night. This was one of a number of changes made at a concluding session of the Libyan People's Conference, attended by Libyan leader Col. Muammar Kaddafi, an visiting Cuban President Fidel Castro.

ON OTHER PAGES

International Company News: New bid for Irvine Societe Generale report 30/31 Farming and Raw: U.S. may back commodity pacts 37

THE OPPOSITION IN PAKISTAN

The Air Marshal raises the stakes

BY DAVID HOUSEGO IN KARACHI

IF MR. BHUTTO, the Prime Minister of Pakistan, has taken an unexpected mauling during the current election campaign, it has been largely due to the subtlety of the attack mounted on him by a man he has long dismissed as "of no consequence" and "not worth bothering about."

turned amateur politician. Since 1971, he has, however, been a constant critic of Mr. Bhutto, managing to dodge arrest by refusing to accept the warrants served on him.

During that time, he has built up a nationwide stature which enabled him at the beginning of the campaign to organise a procession from Rawalpindi in the north to Multan in the south. Its popularity of his attacks on Mr. Bhutto, those who once took him lightly now even discuss the possibility of his becoming Prime Minister. Though this prospect is remote he has grown in political skill.

What will happen should Mr. Bhutto win? He will probably have to share the country with a coalition of forces, which has raised the stakes in the elections to dangerous heights.

Mr. Bhutto has not been alone in taking Asghar Khan lightly. He stood as an independent in the 1970 election but was defeated by the People's Party candidate. He was a lone voice in 1971, considered by most Pakistanis as a traitor, when he called for negotiations with Sheikh Mujibur Rahman to end the war in East Pakistan.

Asghar Khan has introduced into the campaign his threat to bring Mr. Bhutto to trial, if the opposition alliance should win, coupled with his taunt that Mr. Bhutto will flee the country when the results are declared. Such statements, in a country with a record of violence, have raised the stakes in the elections to dangerous heights.

Mr. Bhutto has been caught off balance by the width of this resentment, as indeed has been responded by organising rallies to outmatch the opposition, and by attempting to re-establish the popular favour, his speeches once created.

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W. GERMAN EXPORT DIPLOMACY

A successful national pastime

BY NICHOLAS COLCHESTER IN BONN

THE two main elements in the German Government's trade promotion spending are the overseas chambers of commerce, which it directly subsidises to the tune of DM11m. a year, and the Federal Office for Foreign Trade Information—a subsidiary of the Economics Ministry which also costs DM11m. The degree of subsidy for the overseas chambers varies from practically nothing for some of the biggest and best established, to between 70 and 80 per cent for small and new ones.

whose coverage ranges from general economic developments to specific opportunities for contracts and business co-operation. Another important input for this office are reports from its commercial officers in German Embassies.

The same message is implicit in the economic commissions with which Germany pursues the economic aspects of its foreign relations. At regular intervals the Economics Minister, or one of his secretaries, will take a team of industrialists, bankers, and trade unionists abroad. Such commissions chiefly to Comecon countries and to OPEC countries—places where the state has a great deal of control over business. Their function is to stress that West Germany is a market economy, that it is businessmen, and not Government officials who do Germany's business abroad.

German chambers of commerce and industry associations also provide generous amounts of export information which they draw from their members. From the Federal Office, they are supplemented by what amount to export clubs, specialising in various areas, like the "Ibero-America Verein" or the "Nah-und Mittelost Verein". These clubs are based in Hamburg, and are offshoots of that city's trading tradition. They pool the accumulated experience of their members.

It is impossible to say just how specific (in terms of business contacts and tips) these channels of information can be: obviously, not export tips get passed on to specific German businessmen through most of them—if only unofficially. In general, though, it seems that the entire system is designed to help the German exporter get down to work himself, rather than to make that work unnecessary.

For instance, the German businessman has to buy, and hunt through the trade information that a central source in Bonn, the Federal Office for Foreign Trade Information, does not get a computer print-out of a specific export wish from a German businessman can. This is not to imply that "computer matching" system is begun, very gradually.

When the British Prime Minister last came to Bonn, in summer 1976, Chancellor Helmut Schmidt suggested to a slightly startled British Government that the European Community should include industrialists, bankers and trade unionists. He was mildly emphasising that in Germany such people have status in the national leadership and have a contribution to make in international contact.

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The message in Bonn is always the same. That Germany's export success is due to the inclination of German businessmen to trade and sell goods abroad, and that the government provides little more than general information to help them pursue this inclination.

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The 1976 budget provided just DM325m.—about £7m.—for export promotion, which is a very small amount in absolute terms, let alone relative to West Germany's exports. Great Britain is reckoned to have spent over £10m. in the same period.

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HOME NEWS

Drought subsidence claims could cost £60m.

BY ERIC SHORT

AIMS FOR subsidence damage caused by the drying out of the soil under buildings during the year's long dry summer...

which in some cases may mean going down several feet before a firm base can be secured.

Specialists

This is work for specialist consultants and contractors, so it is not surprising that the size of each claim is large—about £3,000-£4,000.

Broader Scottish policy urged

By Ray Ferman, Scottish Correspondent

AN ECONOMIC strategy for Scotland based on the needs of individual industries rather than on the broad approach adopted by previous governments is called for in a document published yesterday by the Labour Party.

Experience at the U.K. level has shown how important a move towards greater realism in industrial policy: nothing can be achieved by continuing to analyse industrial developments on the basis of the broad macro-economic abstractions of industries that have been relied on during the post-war period.

The development of the 39 NEDO industrial strategy working parties is a start, but there is still a long way to go.

The document will form the basis of the economic debate at next week's Scottish Labour Party conference. It is unusual in Labour Party thinking since it not only acknowledges the continuation of a mixed economy, but calls for a strong and positive commitment to the private sector.

The essence of the strategy is to be a reversal of the decline in Scottish manufacturing. There should be measures to encourage small businesses, including a review of tax paid by them, and a closer monitoring of the performance of medium-sized firms.

This would include a central review of all mergers and takeovers involving Scottish manufacturing companies to assess the long-term implications.

The importance of continuing State support is stressed, both through regional policy and the National Enterprise Board and Scottish Development Agency. But the document also says that nationalised companies should be able to act in a more commercially profitable manner.

U.K. 'should press ahead with fast breeder reactor'

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN SHOULD press ahead immediately with the first commercial-size fast breeder reactor.

The Royal Society says in a critique of U.K. energy research thinking released yesterday.

Britain would need nuclear energy and, since it lacked uranium, its long-term nuclear policy had to be based on fast breeder reactors, the society says.

The conclusion was reached by a group of 13 Fellows of the society under the chairmanship of Prof. Sir Harrie Massey, of University College, London.

The group was set up to examine the Government's discussion document on long-range energy research strategy, released during the national energy debate last summer.

It says of energy sources available to Britain:

1—Coal is likely to remain for many years a most important source for many years.

2—More independent study is required into the problems of recovering larger fractions from the offshore oil fields discovered.

3—A nuclear energy policy based purely of thermal reactors is unlikely to give a credible option for Britain beyond the end of the century.

4—Although cautiously optimistic that in the very long term, nuclear fusion will be a major source of energy, the scientists say that it will not supply significant amounts of energy earlier than the third or fourth decade of the next century.

They call the proposed £70m. Joint European Torus project a "device" and forecast that the first demonstration fusion reactor could be 30 years away.

5—While acknowledging wave power as a promising new source of electricity, the scientists consider the discussion document to be over-optimistic.

6—Wind and geothermal power are dismissed as likely to make no major contribution in the U.K.

7—A "useful but nevertheless small" contribution to U.K. primary energy demand could come from solar energy, but Britain should take every opportunity to manufacture and export solar energy technology.

8—On total power, the scientists say a useful block of electric power from the Severn Estuary might eventually prove economical and an immediate feasibility study should be undertaken.

Overall, they conclude that not even small-scale nuclear power in the Department of Energy's long-range thinking on the problems of matching the available energy to the requirements of users.

Energy Research and Development in the U.K. and Offshore Oil and Gas Technology: Strategy for Research and Development. Royal Society, 6, Carlton House Terrace, London, SW1Y 5AG.

Cigarette producers cut tar content

Financial Times Reporter

THE AVERAGE tar content of cigarettes sold in the U.K. has been almost halved in the 10 years to 1975, and the nicotine content has gone down by more than a third, according to the latest figures from the Tobacco Research Council.

The typical cigarette in 1965 contained 31.4 mg of tar and 2.08 mg of nicotine. By 1975 the figures were down to 17.9 mg and 1.35 mg, respectively, and the trend seems to have continued last year.

In both cases, the falls were higher for filter brands—down from 29.3 mg of tar and 2 mg of nicotine to 16.9 mg and 1.25 mg, respectively—than for plain cigarettes—down from 35 mg and 2.21 mg in 1965 to 24.8 mg and 1.98 mg.

Since the mid-1960s, the average tar content of cigarettes has fallen for the third year in succession to 24.57 mg, against 28.55 mg in 1974, with hand-rolled cigarettes rising in popularity to account for 14.3m. lb of the 1975 total, against 13.5m. lb of the previous year.

Manufactured cigarettes were responsible for 212.8m. lb., 13m. lb. less than a year before and the lowest figure since 1971's 204.1m. lb.

By number, however, there has been little change in the cigarette market with the switch to smaller brands and to filter tips accounting for the differences in tobacco consumption. A total of 114.9bn. filter cigarettes was sold in 1975, slightly down on the previous year's 115.8bn., but almost the same as two years earlier.

Plain brands declined in popularity, accounting for only 17.5bn. sales in 1975, compared with 21.3bn. a year before, and more than 96bn. two decades earlier.

Cigar sales

Another trend to have continued was the increase in cigar sales. At 1.64bn. these were almost double what they had been seven years earlier. In 1974, the total was 1.6bn. Cigarrillos, however, saw sales fall for the third year running at 160,000, less than half the 1968 figures and 5,000 less than 1974.

The campaign against smoking is more successful with men than with women and with people between the ages of 25 and 49, the figures suggest.

In 1975, 58 per cent. of men aged between 25 and 29 smoked, compared with 66 per cent. a year earlier, and there were similar falls in succeeding age groups up to 59 plus.

Among teenagers and men in their early twenties, however, the proportion of smokers increased slightly.

A total of 43.4 per cent. of all women is said to have been smokers in 1975, only slightly fewer than the record 44.2 per cent. recorded for 1974.

Statistics of Smoking in the U.K. Seventh Edition. Edited by P. N. Lee. Tobacco Research Council, Glen House, Stag Place, London SW1E 5AG.

Motor tax rise 'would be folly'

WOULD be folly to raise more from motorists, the Automobile Association and the Royal Automobile Club have told the Chancellor.

Lord Erroll, the AA chairman yesterday the Government should stop giving massive amounts of money to "stagnant declining elements of public sport" and encourage the "swinging rates of basic" on the motor vehicle.

Optimistic motor sales

BRITAIN'S motor sales are expected to rise this year, according to a survey by the British Motor Industry Federation.

The survey, which is based on a questionnaire sent to 100 manufacturers, predicts a 10 per cent. increase in sales over 1976.

Give incentive Lealey urged

NEW call for incentives came from Mr. Denis Randolph, chairman of the Institute of Directors, held yesterday. "If there is one single thing that the Chancellor could do to help our country," he said, "it would be to restore direct and indirect incentives."

Mr. Randolph, who is a member of the "Brain Trust" which he said, asked: "Why do I work hard and take on responsibilities, when I do not get a better off than those who do not?"

NEWS ANALYSIS—PLESSEY REDUNDANCIES

Shape of things to come

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

ANYONE WHO suggests that Plessey's announcement of 4,000 redundancies, and the closure of three telecommunications factories is a "complete shock" to quote some of the initial reaction, has not been reading the newspapers.

For the last four months the Post Office's suppliers and their unions have been saying that the latest cuts in Post Office orders for exchange equipment would put 15,000 people out of work, most of them in areas of high unemployment.

Just over a week ago GEC Telecommunications announced a cut of about 400 jobs in the North-East, mainly through natural wastage, but both these companies, plus the third main supplier, Standard Telephone and Cables, will have to shed several thousand more employees by the end of next year unless the Post Office cuts are restored.

Pressure for such a reversal of policy has been raised so far by the Post Office, the Department of Industry, and Sir Harold Wilson's dramatic intervention yesterday could change the political balance.

It has been obvious that the three companies' job cuts would come almost entirely in two sectors—subscribers' apparatus (telephones, handsets and small private exchanges) and—by far the majority—electromechanical switching.

This is because it is the telephone exchange programme which is the largest single item of Post Office expenditure with its suppliers and because switching orders are being cut more severely than any other product.

The Post Office is also gradually phasing out the purchase of outdated electro-mechanical exchanges in favour of semi-

electronic designs. Repeated Post Office order cuts have accelerated the underlying trend of this modernisation programme—which in any case required a gradual rundown of employment in the electro-mechanical factories—creating crisis after crisis.

Since many of the electro-mechanical factories are located in areas of high unemployment, the unions and suppliers have been arguing that the latest cuts would be unnecessary if the Post Office (with the manufacturers) were to mount a more aggressive campaign to promote use of the telephone (and therefore demand for more exchange capacity).

The other pre-Christmas demand from suppliers and unions was for an independent inquiry into the factors behind the latest cuts by the Corporation, and it took the Government until yesterday to announce the expert who will undertake it.

Mr. Michael Posner, of Cambridge University, will have to move fast—and conclude: that the Post Office's new analysis system is faulty—if many of the 4,000 Plessey jobs are to be saved. Their formal consultation notices run out in three months' time.

Even then, to quote Plessey, "if the November 1976 cuts were restored, there will be no benefit to the industry for at least 12 months."

Not only did Post Office demand not revive, but its orders over the past 12 months have failed to match up to the official programme approved by Sir Harold in late 1975.

The additional cut of £220m. in switching orders, which the Post Office announced four months ago, was the last straw. Since before Christmas, the unions and suppliers have been arguing that the latest cuts would be unnecessary if the Post Office (with the manufacturers) were to mount a more aggressive campaign to promote use of the telephone (and therefore demand for more exchange capacity).

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Public sector employment up

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PUBLIC sector's share of total employment increased from 27 to 29 per cent. between 1971 and 1975, according to an analysis of employment patterns published to-day.

An article in the latest issue of Economic Trends, produced by the Central Statistical Office, points out that the total employed labour force in the U.K. increased by 570,000 between June 1971 and June 1975 to 24,366,000.

A rise of 660,000 in the public sector offset an estimated decline of 90,000 in the private sector. The main feature of the growth in the public sector was the increase of about 450,000 in the numbers employed in health services and education. The majority of the rise occurred between June 1974 and June 1975.

Figures since summer 1975 for Great Britain, rather than the U.K. as a whole, published by the Department of Employment, point to a further fall in total employees in employment. This was notably so in manufacturing.

where total employment last October was about 12 per cent below the 1970 level.

The Economic Trends article on U.K. figures up to 1975 shows that employment in the other services sector (everything in services except transport and communication) increased by just over 1.25m. in 1975-76.

The number of employees in private sector manufacturing fell by 540,000 in the four-year period.

The Central Statistical Office comments, however, that the net transfer of resources from the private to the public sector will not have been a large as these figures (based on numbers of jobs with no adjustment for hours worked) imply.

This is because much of the increase in public sector employment between 1971 and 1975 has been in the number of part-time female employees, whereas much of the fall in private sector manufacturing has been in full-time male employment.

Economic Trends, February 1977, SO, £1.55.

Ezra favours pay policy

SIR DEREK EZRA, chairman of the National Coal Board, said yesterday that he was convinced that acceptance of a further increase of wages and salaries and taxation to offset the effects of differentials.

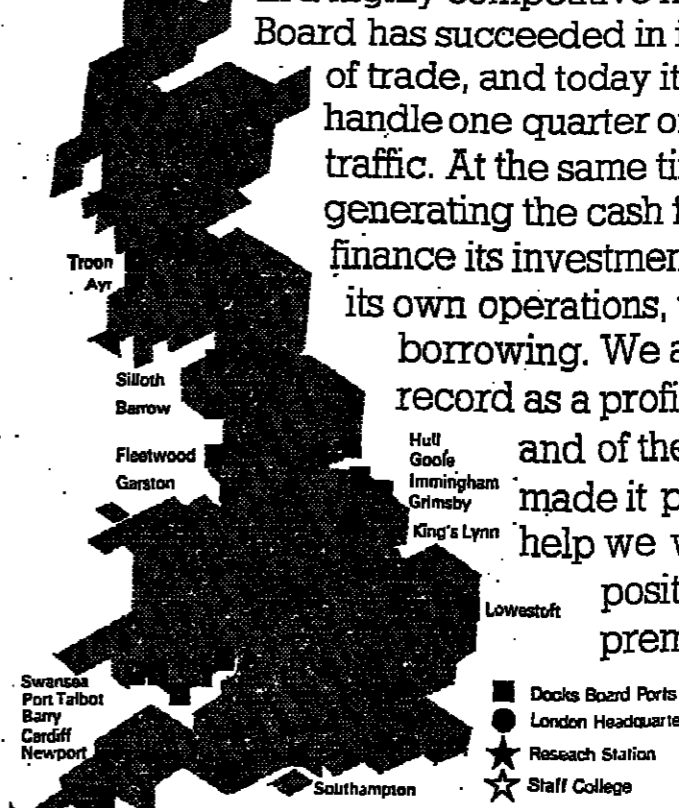
If the TUC and the Government can agree a policy that provides a greater recognition of skill and effort, there should be a good chance for the acceptance, in Gateshead, Sir Derek also said.

called for the widening of differentials between jobs. Flat-rate pay increases of the past two years had combined with inflation and taxation to offset the effects of differentials.

Speaking to the Guild of British Newspaper Editors in a good chance for the acceptance, in Gateshead, Sir Derek also said.

We're investing in Britain's future

In a highly competitive market, the Docks Board has succeeded in increasing its share of trade, and today its nineteen ports handle one quarter of Britain's seaborne traffic. At the same time the Board is generating the cash flow necessary to finance its investment programme from its own operations, without recourse to borrowing. We are proud of our record as a profitable undertaking and of the people who have made it possible. With their help we will maintain our position as Britain's premier port authority.



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HOME NEWS

Charter proposed for beer drinkers

A BEER DRINKERS' charter enabling them to see by an "X" classification the original gravity of their beer was proposed in a report of the Food Standards Committee of the Ministry of Agriculture published yesterday.

The committee, headed by Professor A. G. Ward, recommended that all beer—whether bulk dispensed or pre-packed—should be labelled with the original gravity of the beer by means of "X" symbols, denoting one of five specified gravity bands.

The committee said the descriptions malt beer and all-malt beer should be restricted to a minimum of 70 per cent, and 95 per cent, malted barley.

Terms such as light, special heavy, export, strong and extra strong should be restricted to beers in certain of the specified original gravity bands.

The Brewers' Society yesterday welcomed part of the report's recommendations, particularly its decision not to recommend regulations that would lay down precise requirements for the composition of the drink.

"Brewers must be free to choose their own mix of the basic materials and to adopt new methods as they become available. This is essential to maintain what is the chief choice of beer drinkers in any other country."

The society believed that the committee's proposals for labelling bottles and cans and for notices at draught dispensing points in pubs needed more consideration.

"The amount of precise detail... will create enormous administrative problems and will significantly add to costs."

Brewers believed that the trend towards more information could be applied to beer in less costly ways than those recommended.

"The brewing industry is fighting a battle to contain costs and preserve the British pint as still the cheapest in Europe. It would not make sense for the Government to load the beer-drinkers with price rises due to excessive regulations."

Mr. John Silkin, Minister of Agriculture, said in a written Commons reply yesterday that the report exposed many issues in a balanced way and made a valuable contribution to public understanding. "We will now be inviting comments."

The Campaign for Real Ale welcomed the fundamental philosophy of the report "that the consumer has the right to information on the ingredients, strength, method of production and method of dispensing the beer."

Shiprepair holding company plan may be abandoned

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE DEPARTMENT of Industry is considering whether to abandon the creation of the State holding company, National Shipbuilders and Repairers, now that the Government has cleared the way for the speedy nationalisation of the shipbuilding industry.

Formation of the holding company was announced more than three weeks ago as a bridging operation pending nationalisation, which was then thought likely to be delayed until the autumn.

Following the Government's decision to drop shiprepairing from the Bill it now appears that the legislation could receive Royal Assent in little more than a month.

The fact that British Shipbuilders could then be quickly incorporated raises the question as to whether it is worth continuing with the legal formation of the interim holding company.

Mr. Michael Casey, designated chief executive of the holding company, looks likely to be confirmed as the first chief executive of the nationalised corporation.

The former under-secretary at the Department of Industry has a major staffing problem on his hands and in the next few weeks will have to fill the directors' posts for industrial relations, corporate planning, finance, and responsibility for marine engine building.

This task will not be made easier by the absence of a selected number to seek the views of new members of the organising committee when they are appointed.

The organising committee headed by Mr. J. Graham Day, who resigned in December, recommended Merseyside for the headquarters. But lobbying for the North East helped stifle any Government decision on the matter and Ministers are expected now to seek the views of new members of the organising committee when they are appointed.

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Polish contract

One factor that will have to be taken into account is progress on Poland's undertaking to order 22 ships worth £130m. British yards tendering for the vessels should be completed by the end of March and any subsequent contracts will need to be placed with a Government body capable of underwriting the financial arrangements.

Mesa likely to seek go-ahead on Moray Firth oil find

BY RAY DAFTER, ENERGY CORRESPONDENT

THE MESA oil exploration group is likely to seek formal Government approval to develop its Moray Firth discovery by the end of this month.

The group, which includes P & O, has had informal talks about development plans with the Department of Energy.

The consultants CIB-Earl and Wright are designing the production equipment, which may be based initially on two steel platforms.

It is expected that a commitment to proceed with the development, at an estimated cost of between \$150m and \$300m, will be made on the evidence of the first three wells drilled on block 11/30.

These wells, all successful, are thought to have shown that the field contains several hundred million barrels of recoverable reserves.

Although this find is not large when set against the reserves of the Brent, Forties or Ninian fields, they are in shallow water, close to land, development costs, therefore, will be low by North Sea standards.

Mesa is drilling a fourth well on the block. According to industry reports the well was intended to test the edge of the field, but in view of geological faults it may be exploring a separate structure.

An announcement about this well is likely next week.

It has been confirmed that the British National Oil Corporation is to be operator on six of the latest offshore blocks to be licensed, and not four, as announced by Mr. Anthony Wedgwood Benn, the Energy Secretary.

It was known that the corporation would be in the driving seat for exploration on blocks 3/24b, 9/14b, 13/14, and 30/17b.

Now, Tricentrol says in a letter to shareholders that the corporation will be the operator on two other Moray Firth blocks, 13/18 and 14/17.

These were awarded to a group including the corporation Tricentrol, Home Oil, Canadian Industrial Gas, Charter Consolidated and Charterhouse Development.

Tricentrol, which has a 12.25 per cent interest in the concessions, thought to be among the most attractive of the fifth-round licence allocations, states that operations will be in the hands of the corporation.

The corporation would make use of the expertise of the team in BODL, formerly Bunnah Oil Development and now a corporation subsidiary, which discovered and is developing the Thistle Field.

The information is contained in a letter about Tricentrol's agreed £24m bid for Ashmole Investment Trust.

North Sea Oil Review, Page 2

Architects short of new work

BY MICHAEL CASSELL

ARCHITECTS are suffering from an unprecedented drop in commissions and there is no prospect of any early improvement.

Figures from the Royal Institute of British Architects—a further fall of 13 per cent, when measured in constant price terms.

The biggest drop was in the private house sector—though there was a slight recovery in the third quarter—and the architects say that the housing sector generally seems to have borne the brunt of the industry's recession.

The report points out that a lot of work has already been done through the chemicals economic development committee, the sector groups, and the industrial strategy working parties, in analysing past problems, and says that there must now be a move towards action.

Apart from wanting to see BNOE involved in chemical activities, the union is insisting that U.K. chemical companies and foreign-owned concerns must make known their plans to take up opportunities in the U.K. A Government audit of industry investment plans to assess the extent of any shortfall is also suggested.

Controls lead to fewer rented homes

FINANCIAL TIMES REPORTER

The housing strategy committee was set up by the Building Economic Development Committee to consider long-term measures for improving housing in Britain. As part of its investigation it commissioned consumer survey from the British Market Research Bureau (summarised below) and an economic analysis.

Within the 26-man committee wide differences of opinion emerged. The result was that no-one was willing to see the 185-page paper released as a National Development Office report. There was, however, a majority in favour of its release as a discussion document, extracts from which appear below.

THE HOUSING strategy committee's report said in parts that generally not based on need but in the owner-occupied sector, it is on tenure sector or particular areas was thought, market forces are properties. As a result demand allowed sufficient free rein to the market for housing has probably been achieved equilibrium between supply and demand. In the long run, distorted and people's rented sectors, controls have prevented prices rising to the point at which a widespread shortage of housing would be forthcoming.

Costs: Over the life of the house, the total cost of a council dwelling is higher than that of owner-occupied housing and the public sector's contribution is also higher.

A greater difference occurs in the timing of the contribution which is much higher early in the life of the council dwelling and affects the cash flow of the providing authorities. Whether the higher cost is justified by a greater social benefit is essentially a political judgment.

Ownership: There are three major financial barriers to the spread of ownership: the deposit and other entry costs; the income barrier to the funding of mortgage repayments; and the relative attractiveness of other tenures.

The traditional method of finance has facilitated a large expansion in owner-occupation, but further development may be used in determining who should be assisted and why, and depend on a more flexible approach to lending policies, to bring in groups lacking capital or the assured prospect of a stable income.

Apart from specific measures to lower the barriers and to enable building societies to find a high and stable rate of lending, a more institutional framework is proposed.

Council housing: A fundamental revision of the present system of local authority housing, finance is proposed. Key features of the new system are reference to value rather than historic cost, acceptable to other members, authentic coverage on rents, greater responsibility for housing decisions at the local level, including freedom for councils to set rents, and more incentive to maintain and modernise properties.

The rapid erosion by inflation of the real value of higher income, coupled with increasingly stringent taxation, renders the adoption of this scheme unacceptable to other members.

Comparability between sectors would facilitate evaluation of the level of aid and provide the opportunity to reconsider their direction. Policies to maintain and modernise properties should be more specifically directed to those to greater need. The changes would have to be carefully phased over a number of years to avoid hardship.

Standards: A distinction should be drawn between standards which are economically desirable because the costs are more than offset by savings on maintenance and energy consumption and those which reflect rising standards of living.

Maintenance: In the rented sector this is both expensive and inflexible, so that standards are lower than many tenants would want and what is done is not always what the tenant would choose himself. The committee advocates a review of the allocation of responsibility for maintenance, or more specifically between landlords and tenants.

The 1973 Sale of Goods (Implied Terms) Act, drawn in 1962, to dignify which purported to deny consumers' right of redress. Retailers had nevertheless a good thing.

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Faulkner: 27 active years in Ulster politics

BY GILES MERRITT

THE UNEXPECTED DEATH, at 56, of Baron Faulkner of Downpatrick, Northern Ireland's last Prime Minister, brings to an end the chapter in Ulster politics that he himself described to close just six months ago.

It was in mid-August last year that, as Mr. Brian Faulkner, leader of the increasingly isolated moderate Unionist Party of Northern Ireland, and twice Premier, he made the surprise announcement that he was quitting politics for good.

He had been the Protestant middle-of-the-road who very modestly in the end alienated him from both the sides he had attempted to bring together.

Only ten days ago Brian Faulkner took his seat in the House of Lords, there to join his two immediate predecessors, in the Northern Ireland premier-ship, Lord Moyala (formerly Maj. James Chichester-Clark) and Lord O'Neill.

Although at the time of his resignation from the leadership of the party he made it clear he saw Ulster's political arena doomed to steric deadlock for at least several years, he indicated last week that he would use his life passage to play a positive role in the Lords.

Politics, even after 27 active and influential years in the forefront of Ulster Government, had latterly been overshadowed by Lord Faulkner's interest in industry and commerce. Despite his reputation as a skilled negotiator and masterly politician his brief premiership of 1973-74 and 1974, it was of his six years as Commerce Minister that he was most proud.

From 1963 to 1969 he presided over Northern Ireland's industrial boom. As the youthful Unionist figure clearly being groomed for eventual leadership since entering Stormont in 1949, he was responsible for a period of economic growth that were probably the only drawbacks to a political career for industrial base of shipbuilding and which he was otherwise exceptionally well qualified.

During his time at the Department of Commerce, Northern Ireland's economy expanded 50 per cent faster than mainland Britain, with outside investment revolutionising the nature of its industry.

The man-made fibre sector became the foremost in Western Europe. He established motor car components operations as he at that time hoped, a precursor to motor-manufacturing.

Arthur Brian Deane Faulkner was born on February 15, 1921, in the comfortable middle-class Belfast suburb of Helen's Bay, second son of a wealthy shirt manufacturer.

He was educated at Elm Park School, Co. Armagh, and then at the College of St. Columba, south of Dublin, a choice of school that his more hardline opponents inside the Unionist Party were to make much of in later years.

During the war he remained in Northern Ireland to manage the family business, the Belfast Galloway Co. of which he was a director from 1941 to 1963.

But Faulkner's lack of military service and his secondary education in southern Ireland were probably the only drawbacks to a political career for industrial base of shipbuilding and which he was otherwise exceptionally well qualified.

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Mr. Brian Faulkner, killed in a riding accident.

He left office a year earlier by the Catholic majority as the architect of a settlement which he had attempted to negotiate a settlement and halt the violence left him equally rejected by political Protestants as the who sold out to Westminster over power-sharing.

The period that began December, 1973 with Sunningdale talks and ended following May with the power-sharing executive the Protestant Ulster War Council strike, left him and politically exhausted by the determination of his own His talent for handling tightrope of protestant and Catholic interests helped duce the January 1974 election of which he was Chief Minister during its five-month life.

His downfall was a disappointment to him, and dissatisfaction was expressed in the following two years political stasis in Northern land, when his breakaway gained little or no support.

When he stepped out of the last year he commented without a trace of rancour: "I am not arguing the things without getting state.

His private life remained closed book to outsiders led an active country life Seaford, Co. Down, where for many years John E. of the East Down Harriers leaves a wife, Lucy, and a daughter.

Until 1969 Faulkner presented an apparently unending combination of youth experience. Then, in January that year, against a backdrop of growing crime resulting from the Civil Rights campaign, he resigned from Captain O'Neill's Government.

The issue was, according to Faulkner, the Stormont decision "to accede to demands for 'one man, one vote,' while keeping a decision secret so as not to be the Unionist rank-and-file.

Three months later O'Neill signed and Faulkner, after a single vote, became Minister of Development, succeeding as prime minister March, 1971.

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Babcock bid: statement likely to-day

BY TERRY WILKINSON, CITY STAFF

AN ANNOUNCEMENT may be made to-day by Mr. John Frasey, Minister for Prices, and Consumer Protection, to resolve the legal issues involved in Government clearance of the hotly-contested bid by Babcock and Wilcox for Herbert Morris, Loughborough-based crane manufacturer.

Morris, with the backing of the TUC, feels that the clearance last week of the merger by Mr. Roy Hattersley, Prices Secretary, was unfair.

The Monopolies Commission had ruled against the proposed merger by a majority of three to two, after one of the Commission members had dropped out because of illness, but under the Morris unsuccessfully blocked the bid in the 8th District Court.

Herbert Morris' share yesterday rose a further 17 1/2 p, compared with 14 1/2 p, a revised bid of 14 1/2 p apparently purely technical in nature, referring to a Section 73 rather than a Section 73 of the Act.

Government lawyers have taken it seriously and are investigating. This is the third time that said that Babcock, whose City solicitors Linklaters, has £1.58m, and is now worth £2.5m, has bid for Morris on a basis that it fitted our two, after one of the Commission members had dropped out because of illness, but under the Morris unsuccessfully blocked the bid in the 8th District Court.

Product liability is already the subject of an EEC draft directive and is also being studied by the Law Commission and the Royal Commission on Personal Injuries. Both commissions expected to recommend changes to the existing law.

Mr. Borrie stressed a reference organised by the Publications in London today, that the Office of Fair Trading was not a prime concern. It seemed, however, that the consumer rights against the needed strengthening.

The development of service retailing, where the summer supply selected to which his attention was drawn by advertising an introduction of more sophisticated and complex means that a system was that would enable the to obtain redress from manufacturer.

Many consumers found it to believe that their right of redress was not the retailer rather than the manufacturer.

Borrie backs change on goods liability

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. GORDON BORRIE, Director-General of Fair Trading, with the public's neutral instinct yesterday gave his backing to the idea that producers should be made liable at law for faulty products.

The present situation, where the retailer was primarily responsible, did not correspond with the public's neutral instinct as to where responsibility lay or with its expectations, he said.

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New look recommended for copyright law

BY A. H. HERMANN

A MAJOR OVERHAUL of the law of copyright and protection of industrial designs is proposed by the Whitford Committee, appointed by the Government in 1973, to examine the implications for copyright law of copiers and tape recorders, which enable individuals to create private collections of recordings from broadcasts.

It recommends repeal of both the Registered Designs Act 1949 and the Design Copyright Act 1949. It has not been able to put forward a unanimous suggestion about copyright protection to replace them.

The committee is unanimous in recommending measures which would assure authors, composers, performers and the recording industry some income from copies or recordings made privately, at home in libraries or by schools and other institutions. It recommends a levy on tape recorders. It is assumed that this would be no more than 5 per cent of the factory price. The proposal appears acceptable to industry and trade, as tape recorders could be sold with a franchise insuring the owner against copyright infringements.

In the field of reprography there would be blanket licences for institutions and turnover-based licences on coin-operated machines.

The committee's recommendations on industrial design are based on the principle that at least the aesthetic content of industrial designs should be protected by copyright.

It proposes that new legislation distinguish between two categories of design, the first to include products where design affects purchases, like wallpaper, carpets and pottery.

This category would enjoy greater copyright protection than the second, where design is not a feature affecting choice by the buyer, like parts for a motor car.

Plastics aid scheme urged

By Rhys David, Chemicals Correspondent

THE BRITISH Plastics Federation is expected to submit proposals to the Government shortly for an industry Aid scheme to encourage re-equipment within the plastics processing sector.

The federation is hoping that support can be directed towards the compression and injection moulding sector to help companies engaged in supplying components used in the engineering, motor and electrical industries.

Use of plastics in several of these areas is much less in Britain than on the Continent. The federation will be arguing that if processors could be encouraged to invest, a much higher rate of consumption could be achieved, leading to increased efficiency and competitiveness in several U.K. industries.

A figure of £15m-£20m is expected to be requested. A separate survey published by the federation yesterday showed companies still broadly confident over future prospects, in spite of the slowdown in economic growth in the second half of last year.

The survey of investment intentions shows that about 51 per cent of companies expected to be approving capital expenditure in the first half of this year compared with 74 per cent in the last half of last year.

The demand pattern remained patchy, however, with half the companies still reporting lack of demand as a significant restraint on production and half also citing shortages of capacity as a limitation.

Of interest to industry is the committee's opposition to automatic protection against copying of all machine parts which started life as drawings. This was introduced by the Design Copyright Act, 1968, and is held to create a monopoly detrimental to consumer interests.

The committee agreed that designs which influence purchasing decisions should be protected by copyright for 35 years, reference to the article bearing the design, which should bear the copyright symbol as provided in the Universal Copyright Convention.

On second-category industrial designs, including three-dimensional products where the appearance does not influence the purchaser, the committee was divided. Four members believed this category ought to have the same design protection as the first.

Copyright and Designs Law, Cmnd 6732, SO, £4.10.

CBI to see Hattersley

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE CONFEDERATION of British Industry is to see Mr. Roy Hattersley, Prices Secretary today, for its first meeting to discuss controls the Government's consultative document on the future of prices policy was published last week.

A delegation is expected to express its concern about the impact of the proposals on industrial confidence. It is expected to tell Mr. Hattersley that controls on the new controls could damage investment.

The CBI will ask the Minister for assurances on how the new system will work in practice. It may also offer some suggestions on how the system could be made more tolerable for industry, though it is likely to leave most of its more detailed proposals for amending the document until a later meeting.

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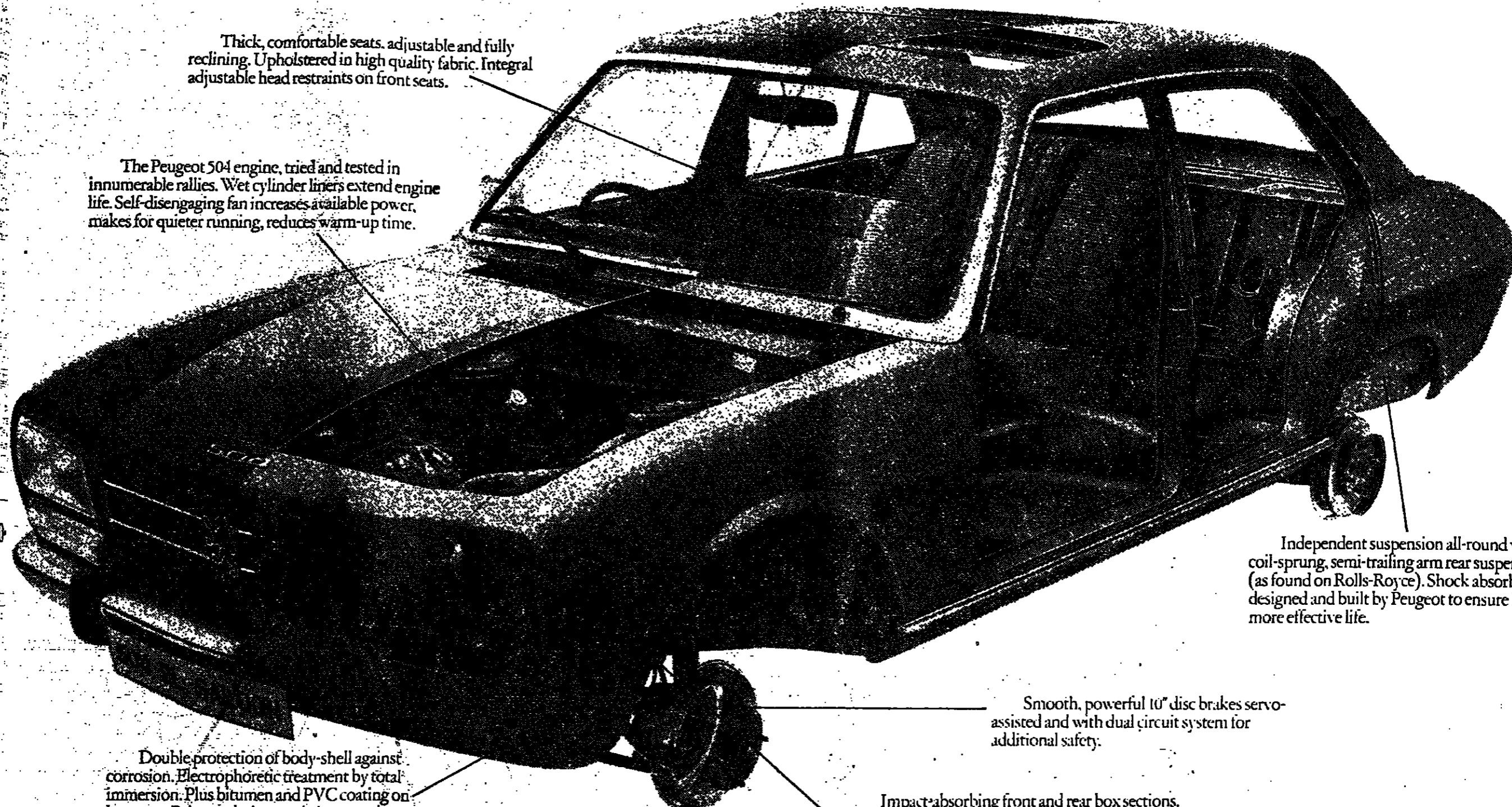
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Smooth, powerful 10" disc brakes servo-assisted and with dual circuit system for additional safety.

Double protection of body-shell against corrosion. Electrophoretic treatment by total immersion. Plus bitumen and PVC coating on key areas. Paintwork rigorously inspected, by hand and eye.

Impact absorbing front and rear box sections. Reinforced substructure and a network of side and cross members form a "cage" to protect the occupants.

Peugeot 504 from £3,449.

Pictured above is a Peugeot 504 GL saloon as you've never seen one before. This is because we want you to see some of the qualities of strength and reliability which result from the particular attitude we have to building motor cars. You don't build a quality car by chance but by design. And that's where we started, at the drawing board.

In order to build our quality car we decided that only the best materials were suitable. So we selected high gauge metal for extra strength. We decided to manufacture all the major component parts ourselves, to be absolutely sure they met the high standards we had set. We gave to the 504, as we do to all our motor cars, lengthy attention to the most minute detail. This, and our rigorous testing and quality control methods, enabled us to produce a car like the 504. A quality car, proven by success after success in the world's toughest international rallies.

The 2 litre GL saloon above is just one in our range of ten 504s, each with its lion's share of world famous Peugeot strength, comfort and refinement. Other saloon models include

the 504 TI, again 2 litres but with fuel injection for extra performance, and the 1796 c.c. 504 L, running on 2 star petrol.

In addition, we offer two diesel powered saloons, the 1948 c.c. LD, or the GLD, 2.3 litres with a luxurious level of comfort and equipment you might not expect from such an economical car.

In addition to the five saloons, there's a range of five stylish, refined and extremely capacious estate cars, with the option of petrol or diesel engines and also a family version with three rows of forward facing seats.

Ten models in all. That's not surprising when you learn that we're amongst the world's largest motor manufacturers. We produce over 750,000 cars a year, each one of them built and tested according to our exacting standards. And to be finally sure of the consistently high quality of our product, we actually drive every completed car on a specially designed test track before we give it our seal of approval and release it for delivery.

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504 Petrol Saloons: 504 L £3449.16, 504 GL £3882.59, 504 TI £4514.96.

504 Diesel Saloons: 504 LD £3955.88, 504 GLD £4171.74.

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LABOUR NEWS

Enterprise Board member raps Leyland ultimatum

BY ALAN PIKE, LABOUR STAFF

THE "ULTIMATUM" on the future of British Leyland delivered to the company's Enterprise Board on Wednesday by Mr. Hary Urwin, a trade union member of the Board, was criticised yesterday by Mr. Urwin, deputy general secretary of the Transport and General Workers Union, who made it clear that he was "not happy at all" about the way in which the matter had been handled. His remarks indicate a split among Board members over the approach to the Leyland crisis.

In the Commons on Wednesday, Mr. Eric Varley, Industry Secretary, forcefully supported a statement from the NEB indicating that Leyland would cut off investment in its car group unless there was an immediate improvement in performance.

But, said Mr. Urwin yesterday, the NEB had concluded its deliberations on Leyland by deciding that the facts of the company's position should be put

before unions and employees without any ultimatum whatsoever. "This was the climate in which the NEB members had concluded some three days of discussion on Leyland. To issue ultimatums was the 'worst possible way of dealing with people'."

Mr. Urwin said after a meeting of the IGWU executive that he did not accept that all the faults in British Leyland lay with the unions and the workers. Many rested with management.

He was also critical of the amount of information about the company which the NEB members had to regard as classified and commercially sensitive. He believed that if as many facts as possible were presented to people they might respond.

The number of Leyland workers laid off by disputes rose to 33,000 yesterday and Range Rover production at Solihull was halted, leaving only four of the company's 18 models in production.

Meanwhile arrangements went ahead for talks in London tomorrow between senior management and union leaders on the company's industrial relations problems.

Leaders of the unofficial toolroom strike, which is responsible for most of the present shutdown, will meet in Birmingham tomorrow, but what may prove a significant move in the drive by skilled engineering workers for greater recognition the meeting will be attended by leaders of 8,000 Ford skilled workers who have been campaigning for improved representation in negotiations.

Toolmakers' representatives at Leyland's Longbridge plant in Birmingham decided yesterday to continue their strike.

New seat on TUC may go to civil servant

By Our Labour Correspondent
THE TUC is believed to be ready to create another seat on its general council for a Civil Service union.

Prime contender for the seat would be the Civil Service Public Services Association which has 224,742 members and is the largest TUC union without a representative on a council.

At the last annual conference Mr. Ken Thomas, the general secretary, failed to be elected to one of the two seats presently allocated to the Civil Service and Post Office.

These went to Mr. Christopher, of the member Inland Revenue Federation, following Cyril Plant, his predecessor, and to Mr. Jackson of the 188,000 member Union of Post Workers, who has been on council for some time.

This and other changes to the structure of the TUC are being considered at a special consultative conference at the end of April.

The CPSA has been long for a seat, but a decision will be in the hands of the unions voting at year's congress.

It is not yet clear which all unions will continue to elect general council members or whether voting will be on to a constituency basis.

Target is 20,000 cars weekly

By Terry Dodsworth

BRITISH LEYLAND will have to target a production rate of about 20,000 cars a week if the company is to meet the "planned and agreed levels of output" set down as the condition for further Government support for the company.

If the car group can achieve this figure with its present workforce of 125,000, it should have little trouble meeting the productivity objectives which are also part of the planned programme for recovery.

Assuming that the company is successful in its bid to return to normal working this month, it is likely to want to negotiate its next £200m. tranche of loan finance in June—although it would almost certainly be taken up at a much later date.

So far this year about £25m. has been spent on capital investment within British Leyland, and £25m. of Government funding taken-up. Another £25m. is due to be drawn within the next month, leaving £50m. from the £100m. of loan finance allocated last July.

It is clear from the Government statement on Leyland's position that the financial shortfall in the cars group has become acute within the past few weeks.

The company, which has been given just one month to set its house in order, is expected to use the Government money only for capital investment.

Three Government staff unions demand closed shop

BY ALAN PIKE, LABOUR STAFF

FORMAL DEMANDS for a closed shop in the Civil Service have been submitted to the Government by three trade unions, which together represent more than 330,000 civil servants.

The provisions of the closed shop which the unions are demanding would extend to new entrants and existing union members. Civil servants who are not members at present and newcomers with legitimate religious objections would be excluded.

Separate but similar claims have been submitted to the Government by the Civil and Public Services Association, the Inland Revenue Staff Federation and the Civil Service Unions.

Their membership is concentrated in the clerical and more junior Civil Service grades—unions representing senior civil servants are more doubtful about enforced union membership and are not involved in the claim.

The Civil Service Department has not yet replied to the claim but the unions hope there will be developments in time to report back to their conferences in the spring.

At present there are no closed shops in the Civil Service although they do exist in nationalised industries.

Mr. Len Moody, general secretary of the Civil Service Unions, said yesterday that while the

proposal might seem radical, the Government had itself introduced its principle through recent legislation restoring the right of unions to negotiate closed shops.

"It cannot expect its own employees to be treated differently to those in other sectors," he said.

The unions will argue that a majority of the grades which they represent are already members—Mr. Moody says that between 90 and a 100 per cent of the civil servants who qualify to join his union already have membership.

An appeals tribunal for new entrants who refuse to join on religious grounds is proposed, with those given exemption being expected to make an equivalent donation to union subscriptions to an approved charity.

Windscale pay offer rejected

STRIKERS AT the Windscale atomic plant in West Cumbria decided yesterday to reject their strike, now in its 11th week. Five nuclear workers, which normally contribute to the nation's electricity supply, closed and 4,000 people are out of work.

Yesterday's meeting near the latest peace offer by Bill Nuclear Fuels which was rejected by the men by a 10-1 vote. Each man would receive a payment of £200 two instalments after return to work and their claim special condition money would be arbitration.

About 2,500 strikers after the meeting and there was a number who wanted to go on the offer, described by one of the six unions as "the best we can hope for".

The men want 30p an hour condition money and full for the time they have been on strike.

Move to end Nigg dispute

By Ray Ferman, Scottish Correspondent

TALKS WILL be held to-day to settle a strike by 1,500 workers at Highland Fabricators construction yard at Nigg, which threatens the delivery of the Nimian central platform, due next month.

The dispute is over the size of completion bonuses. The company is understood to have offered £750 for each man if the steel jacket is ready by April 7, falling to £190 a man if it is finished by April 14. The men are believed to be asking for an additional £200.

Hope rises for end to dock boycott

HOPES ROSE yesterday that dockers would call off their boycott of the new West Dock in Bristol.

Avonmouth's 1,300 dockers have refused to touch the West German coaster Edith Sabban, the first ship to arrive at the showpiece dock. They demand better fringe benefits.

At a two-hour meeting to discuss an improved offer from port employers, senior shop stewards agreed to call a mass meeting to-day.

Mr. Ken Oaten said for the employers: "The situation looks encouraging, and now we hope that common sense will prevail and we can get the dock fully operational."

If the men decide to handle the Edith Sabban, which will take at least two days to discharge, the standstill will have cost the Port of Bristol Authority more than £400.

It is believed that the employers' proposals include better sick pay and protective clothing allowances. The dockers' claims were rejected earlier as outside the pay code.

Now, London to Cape Town non-stop

Curate claims unfair dismissal by bishop

AN ASSISTANT curate who gave up his teaching career to work for the Church was "saddened and bewildered" when his bishop dismissed him, an industrial tribunal in Cambridge was told yesterday.

The Rev. Henry Stephen Housman, who was working at St. Matthew's Church, Littleport, Cambridgeshire, is claiming unfair dismissal by the Rt. Rev. Edward Roberts, Bishop of Ely.

Mr. Housman, aged 56, is the first churchman to allege unfair dismissal against his bishop.

Two preliminary points being heard at yesterday's session of the tribunal were whether the application was in time and what Mr. Housman's status was as an employee of the Bishop.

The tribunal was told by Mr. John Sennitt, for Mr. Housman, that in March last year the bishop wrote to Mr. Housman saying: "I must now write and say I do not feel able to ordain you. I feel your work lies in other fields."

"Your time as an assistant should terminate at the end of June."

Mr. Sennitt said that Mr. Housman stated in his reply that the bishop's letter had "caused me sadness and bewilderment."

Since his dismissal, Mr. Housman has been living on the dole with his wife at Downham Market, Norfolk. He has two teenage daughters at boarding school.

Mr. Anthony Davies, for the bishop, said: "As far as the Church is concerned, this is an extremely important case."

"This is the first time for a great many years in which it has been attempted to make the clergy of any level susceptible to employment legislation in the civil courts."

If it had been intended that recent employment legislation should extend to the clergy, the legislators would have said so.

Mr. Sennitt, summing up, said that times had changed since a ruling on the status of curates in 1912 and there were fundamental differences between the situation then and to-day.

The tribunal reserved its decision.

Beginning April 2nd on Saturdays at 20.15 is SAA's flight to Cape Town. It's the only non-stop to Cape Town.

Flying the route are the new Special Performance 747 jumbos unique to the run.

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SNOW REPORTS

Depth State (cont.) of Weather	Excellent skiing conditions
L O Place	50 100 Good Fine 7
8 2 0 Fair, cloud	Good skiing conditions
9	Great Britain
Andromeda 15 30 Fair, cloud	Continental: Main runs and lower slopes all complete, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 2,000 ft.
St. Anton 20 20 Good Sun	3 slope all complete, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Good skiing on piste	4 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
La Plazza 10 20 Good Fine	5 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Good skiing on piste	6 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Jurran 10 210 Good Cloud	7 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Good skiing everywhere	8 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Niederau 20 30 Fair Cloud	9 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
All slopes slushy	10 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
St. Anton 10 20 Good Fine	11 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Slush on lower slopes	12 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.
Tignes 10 20 Good Fine	13 snow. Lower slopes ample nursery areas, wet snow. Vertical runs 1,000 ft. Access road clear. Snow level 1,500 ft.

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INSTRUMENTS

Digital meter

FROM Hartmann and Braun, multimeter T2201 will measure dc voltage, ac voltage and resistance over 15 ranges with automatic zero point correction and automatic indication of polarity. Immunity to noise and a choice of auto or manual selection of the range are other points of this compact instrument. The meter incorporates large circuits in its digital section and operates on the integration method with an upstroke time of 40 ms and a total response time of 320 ms. The basic dc voltage measuring range is 0.6 V, all high voltages being measured by an accurate amplification technique: ac voltages are rectified to dc signals which are processed as above. For resistance measurements a highly accurate power source feeds a measuring current of 0.1 microamp to 1A across the circuit whose resistance is being measured. The voltage drop is then measured in the dc voltage measuring section. The company is at Moulton Park, Northampton, Northampton 46311.

CONFERENCE

The future of lead and zinc

A THREE-DAY international conference entitled "Lead and zinc into the 80s" is being organised by the Lead Development Association and the Zinc Development Association. It will be held at the London Hilton Hotel, June 14-16.

Discussions on lead will cover what is happening in battery and smelter technology, and there will be sessions on cables, de voltage, ac voltage and building, coated steel and the environment. The challenges seen by the mines and smelters, before each measurement and by economists, bankers and commodity traders as they try to forecast future demand and plan ahead to supply, metal to the market-place at the right time will also be considered. Speakers from important lead and zinc producing countries will pool their expertise in an effort to identify the critical factors.

The final day will concentrate on markets for zinc. Galvanisers and steel producers will discuss their mutual problems in manufacture and marketing. Zinc die casters will discuss how to remain flexible and profitable at a time of change in the industry. Markets for rolled zinc, brass and zinc oxide will be analysed and assessed. The Associations say that the conference will be of interest to both technical and marketing men, producers, merchants and users. Details from LDA/ZDA, 34 Berkeley Square, London, W1X 6AJ (01-499 6636).

TEXTILES

Automatic winding of woollen yarns

IN 1961 the first fully automatic cop-to-cone winders were introduced to the cotton trade. Today this is a standard piece of equipment in most modern mills.

As far as the Yorkshire trade was concerned, it proved possible in recent years to rewind worsted yarns automatically, but until now woollen yarns have proved to be a major problem. Not only are they produced on very much larger ring spinning tubes than other yarns, but they tend to be much rougher in texture, weaker and to have an oil content which can lead to all manner of difficulties.

Woolen spinning and manufacturing, compared with the rest of the textile trade, is comparatively small, and is concentrated mainly in a few areas of the world so that its problems tend to be localised and very specialised. Now an automatic winder has been developed from the original equipment and is being offered to the trade as a major step towards mechanising the rewinding and clearing of woollen yarns.

Introduced by W. Schlafhorst and Co. (British agents: E. L. Engineering, 11 Edward Street, Bradford BD4 7BH, Tel. 0274 34185), the Autoconer automatic winding machine is intended to handle these troublesome yarns and as a result the productivity of this department in a woollen mill can be appreciably increased.

Ring bobbins of yarn are taken from the spinning frames and placed in magazine creels for re-

MATERIALS

Anti-vandal speckled paint

IMPOSSIBLE to deface it by scratching with coins, keys or other common "tools" of the vandal. The paint is water-based, and the maker says it can be used without fire risk on polystyrene ceiling tiles. Brushes and rollers can be washed out in water.

The new paints are being marketed as Irllok (gloss) and Irltek (textured finish), and as a series of emulsion paints called Irlmat and Irlsilk. Two coats are required — a colour base, which is followed in three to four hours with a top coat containing the coloured chips.

The number of spots produced, the mixture of colours and the degree of toughness of the finish can be varied as required. Details from Irvine Paints, 12 Mackintosh Place, South Moor, Irvine, Ayrshire (0294 212315).

DATA PROCESSING

Shares in a big unit

THE FIRST of seven building societies to order Centre-File's Housemaster distributed inquiry service for handling customer accounts on-line has installed computer and communications equipment on which the system will run, and started field tests.

The society — the Property Owners Building Society — was one of the first to use Centre-File's building society service which became operational almost eight years ago. It has assets of over £60m, and operates from its head office in Cavendish Place, London.

Besides providing ability to handle customer inquiries immediately, Housemaster enables mortgage departments, and two building societies who do not have their own big computers to process special applications 01-638 6161.

in-house. These applications may include cheque writing, cheque reconciliation, performance statistics, investment portfolio and budget forecasting as well as stock control and word processing. Housemaster users will also have available all the other services offered by Centre-File, including investment accounting, mortgage accounting, ledgers, statements and automatic interest rate change information.

Property Owners has now taken delivery of a PDP 11 processor which will be linked to Centre-File's big machines, and three visual display terminals. These are located in the society's banking hall, investment and mortgage departments, and two further terminals will be added. More from the company on to process special applications 01-638 6161.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

PERIPHERALS

Extended options for users

TO 30 per cent. less expensively. This is an enormous expansion by any standards. Speaking at the world launch in Paris, Mr. Douglas C. Irvine, president of Telex International, underlined that customers for computing equipment — as for any other product — were interested in having alternative sources of supply to save money. Telex was offering its products with the same or higher performance at lower cost. But it was also making it possible for them to get out of their existing systems "in ways that IBM does not permit or encourage". This is done by adding more or faster memory or by supporting high performance peripherals for older systems.

Telex started with tapes, then added discs, printers, memories (core and monolithic), and then the Lockheed III, and how terminals. To back up all these offerings, the company had a team of 150 experienced field engineers to cover the seven European countries in which it operates. Cornwall declared.

So far, the terminal equipment offered consists of local cluster and remote cluster units. In local clusters the user can add displays or printers to replace equipment attached to the IBM controller. In remotes, Telex offers a controller (371), keyboard displays (277) and a printer (284). The main alone display station (276) has printer attachment option (284). Because the displays are built around a micro, they have a considerable amount of operational latitude which is bound to grow as late and more powerful versions of the intel processors are incorporated.

Telex International is on Windsor 55911.

ELECTRONICS

Helps board designers

RELATIVELY new service is offered by Pentech Electronics to printed circuit board designers who have to deal either with a number of boards in a cabinet that contains many standard features or with department boards that change moderately with time. The object is to obviate the time and cost of laying down after time the same standard items for each board design. Pentech uses a film, such as Du-

Pont "Cronaflex" to image the fixed items but in addition, by using a reduced intensity second exposure, a dimensional grid is laid down in grey tone. The standard items, in full black, include edge connectors, corner blocks, alignment sights and some pad shapes.

This piece of film, usually at two or four times final board size, goes back to the customer where the designer will tape in the non-standard items. Then, back at Pentech, the final master is made, the grid pattern disappearing in the processing. More from the company at Onslow Mills, Trout Road, West Drayton, Middx. (West Drayton 48283).

SECURITY

Simple to install

ULTRASONIC intruder and alarm put on the market by TTT Controls is installed simply by plugging detector into 13A ring sockets and fitting bracket as needed. Transonic rays are projected into the area to be protected and the detector will sense or fuses, withdraw—and also if element and trigger an immediate alarm—a continuous high pitched note. If this is not wanted, and switched off, the owner or security officer in 30 seconds an external alarm, a loud wailing siren, will sound.

An unusual facility is a pocket transmitter which takes the place of keys. As the owner leaves the premises he presses the "on" button to activate the detectors; on returning he can deactivate with the "off" button to prevent his own presence causing an alarm. The code is unique to each installation.

All units have an emergency power supply and alarms will operate even if power is cut off. Attempts are made to damage the system. Installation is easy, with the minimum of hard wiring. More from 333, West Street, Glasgow, GB 8J6 (041 429 3191).

WELDING

BOC launch America

EQUIPMENT for the huge American welding market is supplied by Britishgen from its Arc Equipment Division at Milton Keynes under a five-year agreement with White Manufacturing of Muskegon, Michigan. The range covers a range of three TIG welding torches which will cope with some 95 per cent. of applications in the area and these will be sold through a very large distributorship. Further from BOC on 01-748 2020.

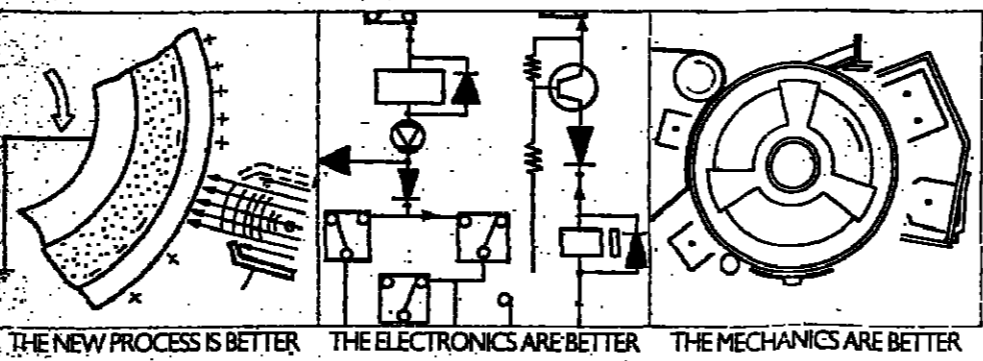
sell very quickly since it is being sold into a mass market which has not seen a completely new TIG torch range for 20 years. Launch is scheduled for the 1977 Welding Show in Philadelphia. The U.K. company is clearly hopeful that a great deal of business is coming its way since in the first year of supplying Whitman, it expects to notch up some £100,000 worth of business.

What the rate of exporting to the U.S. will be in later years is a matter for conjecture, but the whole five-year operation is clearly a several million pound venture which will not end when the five years have gone by.



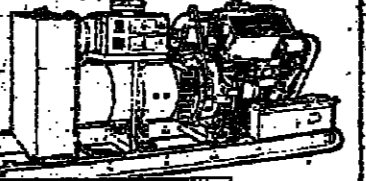
Canon puts a stop to dirty letters.

All too often what comes off the typewriter ends up unfit for human eyes. Simply because copying machines all too often fudge the job. Canon, internationally recognised as a leader in optical and electronics systems, decided to do something about the drawbacks of copiers. A large research and development programme resulted in a new plain paper copying process. One that is approximately 50 times more sensitive to light than other systems, and gives copies that are exceptionally sharp, clear and faithful to the original. From type matter to half-tones. The process tested, proved and accepted around the world, was also designed to be unusually reliable. The machinery is simple, with few moving parts, to reduce the chances of breakdown. The paper path is short to avoid paper jams. The electronics are advanced to minimise electrical faults. In all, the Canon range of plain paper copiers is so good they're covered by a unique guarantee. Our Total Guarantee Agreement. This guarantee will keep your Canon copier turning out high-quality copies consistently. And let you plan your operating costs in advance. We'd like to tell you more.

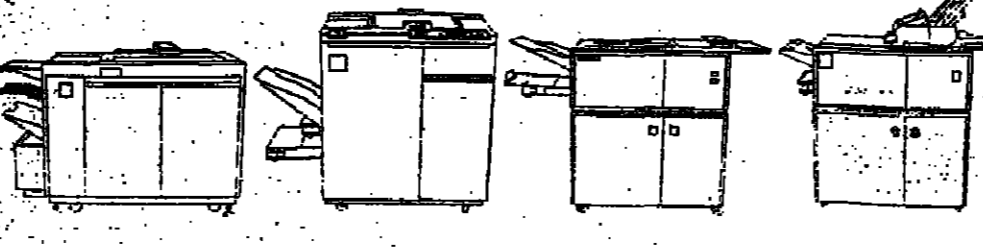


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FT 4/3



Tax threshold too low, says Barnett

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

Rees ready to review police pay procedure

THE GOVERNMENT was warned yesterday that it could reach a point of no return within the next 48 hours in the dispute surrounding police pay.

Mr. Eldon Griffiths (C. Bury St. Edmunds) told the Leader of the House, Mr. Michael Foot, that in view of the situation, a statement should be made to MPs next week by the Government.

Earlier, Mr. Merlyn Rees, Home Secretary, had been questioned about progress in the dispute. He emphasised that, as a result of various meetings, he was hopeful that it would be possible to reach a solution acceptable to all concerned and compatible with the current phase of pay policy.

Mr. Rees also told MPs that the Government was prepared to review the police pay negotiating machinery if the current problems could be resolved.

He said: "I have made it clear that if we can resolve the immediate pay problems, I am prepared to initiate a review of police pay negotiating machinery and an examination of the constitutional arrangements for the Police Federation."

Mr. Peter Viggers (C. Gosport) said that the uniqueness given to the police's pay situation 18 months ago when they received an increase of 30 per cent should not now be "thrown back in their teeth."

Mr. Rees agreed that there had been no suggestion that the Government should break the pay policy in negotiations with the police, but he added that a settlement must be found within the restrictions this imposed.

Mr. William Whitelaw, shadow Home Secretary, said it was a serious situation when there was a "sense of grievance" within the police force so great that there were demands for the right to strike. Any step towards a police strike would be regarded by most people as a "national catastrophe."

Mr. Rees accepted that a police strike would be bad for the community, and said the feeling of frustration appeared to be coming mainly from the younger police officers.

MR. JOEL BARNETT, Chief Secretary to the Treasury, indicated in the Commons yesterday that the Government is looking favourably at the possibility of raising tax thresholds as a means of reducing the burden of income tax.

At the same time, he ruled out the possibility of large scale across-the-board reductions in income tax at present.

Answering other points during a debate initiated by the Conservatives on the high rate of personal taxation, he argued in favour of switching the burden to indirect taxes. But he stressed that this could only be done in the longer term.

Mr. Barnett also declared his own personal opposition to the Tory suggestion for the indexation of tax rates in order to take the effect of inflation into account.

The Chief Secretary said that in the short term he had made it clear that the Government wanted to reduce the level of income tax but that this must depend on the next pay round and the room for manoeuvre allowed by the economic situation.

"We must aim for a much better tax regime than we have in this country," he said. "The threshold is too low, and people come into tax at too high a rate. But to reduce that rate in the kind of circumstances in which you are limited in the amount of relief you can give—that cannot be the way to deal with it now."

"I am, however, looking at the representations we have had on this. If the choice is between a reduced band in current circumstances, or raising the threshold, then I ask the House to recognise that the best way to help the lowest-paid is to raise the threshold."

Mr. Barnett agreed that there was a need to try to reduce the levels of direct taxation. But he said it was misleading to imply, as the Tories had done, that it could be reduced "at a stroke," or to suggest that there could be massive tax reductions right across the board for the higher-rate taxpayer, the middle-income group and the lower-paid.

The fact was that income tax and inflation had eroded differentials to a very considerable degree. That was a very serious problem and one which the Government had to deal with, Mr. Barnett said.

It was over-simplifying the situation to suggest that simply by revising the high levels of direct taxation we would suddenly get a massive turn round in our economic situation. How-



Mr. Joel Barnett

over, the erosion of differentials deters the acquisition of skills and responsibility.

There was ample evidence of the disincentive of present levels of direct taxation to entrepreneurs and professional people but he did not think that the argument applied in the same degree to managers.

"The fact is that it costs very large sums of money, many thousands of millions of pounds, to help the average taxpayer—those earning up to £8,000," he went on.

"There is a serious problem here. It is impossible to argue that you can give very substantial relief to those at the top end

of the tax scale in cash terms and only be able to do very little at the bottom end of the tax scale.

"It would be an impossible thing to do when at the same time any Government would be asking the average worker to accept a pay deal which will result in reduction of real living standards in the coming year. You cannot justify doing that and I would not ask the House to do it."

Sir Geoffrey Howe, Shadow Chancellor, said: "More and more people believe that 'pay as you spend' is a far healthier principle than 'pay as you earn' when the burden is as high as it now is.

"There is a widespread and growing feeling not just of injustice at the present situation, but that we have devised a system which is insane. Poor people were paying income tax when their income was below that defined as poverty level.

Larger amounts were received for staying at home than for going to work. Most seriously, the burden of personal taxation was giving rise to increasingly more dishonesty as people moved into a 'cash economy'.

Sir Geoffrey warned the Government against accepting the TUC call for withdrawal of tax relief on mortgages for people paying more than the standard rate of income tax.

"This would be the last straw on the back of managers who feel themselves already grossly over-taxed." It would do great damage to the economy in many ways.

Speaker refuses debate on Globtik Venus

A "HIGHLY ORGANISED private army" led by millionaire ship owner Mr. Rav Tikoo appeared to have committed an act of conspiracy which would make the case of the Shrewsbury Two "pale into insignificance," Mr. John Prescott (Lab. Hull E.) said in the Commons yesterday.

Mr. Prescott's request for an emergency debate on the storming of the strike-bound tanker Globtik Venus was turned down by the Speaker, Mr. George Thomas.

Mr. Prescott said that Mr. Tikoo had made it clear he had hired a highly organised private army. "The introduction of private armies into industrial relations matters is a very serious emergency debate.

Speedier jobs action demanded

BY PHILIP RAWSTORNE

The Commons—now facing a period of short-time working because of the decline in the Government's legislative orders—was pressed into an angry lather yesterday about the level of unemployment.

Trends were improving, said Mr. James Callaghan, though too slowly. And he was sharply pressed by both Conservative and Labour MPs to speed the process.

The only record that the Government had to show on the eve of its third anniversary was raising the rate of unemployment by 700 a day, Mrs. Margaret Thatcher snipped.

But the Prime Minister accepted the responsibility as well as the shame? Certainly not, retorted Mr. Callaghan. "Such a superficial approach," he said curtly.

British industry had been run down over 30 years and there had been a major world recession. "You do not help by pretending there are immediate and quick solutions."

The Tory leader, amid Labour jeers, retorted: "Take it you are only prepared to accept office, never, responsibility."

Now thoroughly worked up, Mr. Callaghan insisted that he was prepared to achieve industry co-operation and to put the economy on a sound foundation. "That involves taking hard decisions, not making idiotic quips."

He agreed violently with Mr. Bob Mellish that the Tory concern was "sheer blarney." Everyone knew that Sir Keith Joseph wanted tighter control of credit, money and public spending—a policy that would cause vastly higher unemployment.

Sir Keith, to a chorus of Labour insults, shouted hoarsely that unemployment would continue to rise until there were cuts in public spending and direct taxes. "I am obliged to you for confirming my analysis," Mr. Callaghan replied.

But he had little time to savour his satisfaction as Eric Heffer, former Industry Minister, brushing aside the Speaker in his anger, led Labour demands for some intractable Government action to deal with the threat of a Plessey redundancy. "Mersey is becoming a disaster area and we cannot tolerate it any longer," Mr. Heffer bellowed.

Mr. Robert Kilroy-Glik urged the public communications industry telecommunications industry the Kirkby, site of one of the Plessey factories, already had the highest unemployment rate in the country, he complained.

The NEB would investigate what could be done to offset any disastrous consequences.

Booth extends schemes to help ease youth unemployment

BY IVOR OWEN, PARLIAMENTARY OFFICER

AN EXTENSION of special training measures and other schemes designed to mitigate unemployment among young people was announced by Mr. Albert Booth, Employment Secretary, in the Commons yesterday.

The Youth Employment Subsidy and the Work Experience Programme, both due to close for applications on March 31, and the Job Creation Programme, which was due to close for applications on April 30, are to be extended to August 31, 1977.

Mr. Booth made it clear that the extra help for training is intended to keep up the level needed by industry, including apprentices and technicians, by supporting about 15,000 places, mainly for young people.

Training courses for young people under the Training Opportunities Scheme will also be increased by 5,000, raising the total to 17,000 places this year.

As a result of other decisions, he said, the Community Industry Scheme would be expanded to provide an additional 1,500 places, making 5,500 in all.

The extra 230 unemployment specialist posts for the Careers Service, already provided under the special measures, would be increased by a further 50 posts, and the scheme would continue into 1978-79 and be reviewed in September next year.

Welcoming the extension of the various schemes, Mr. James Prior, shadow Employment Secretary, stressed the general anxiety felt about the unemployment problem among young people, and grimly forecast: "It is going to remain with us for a number of years."

Mr. Booth, who disclosed that the Government estimated that an additional 150,000 young people will be seeking jobs every year over the next few years, reminded MPs of the concern already expressed by the Manpower Services Commission.

The report "Towards a Comprehensive Manpower Policy" had stated that the problems of unemployment among young people were so serious that it should become an objective of the Commission to ensure that all young people of 16 to 18

MPs seek tougher Ulster security

THE RECENT killing of

men in Northern Ireland prompted demands for a Government security bill in the Commons yesterday.

Mr. Airey Neave, a Ulster Secretary, urged Government to speed up the of the Royal Ulster Constabulary to introduce more troops into the province.

A demand for the rest of capital punishment was by Mr. James Kilfedder (Down N.).

Replying for the Government, Mr. James Dunn, Under-Secretary, Northern Ireland, said MPs that security measures would be kept under review.

The Government was dealing with the Army and police idea of bringing in special forces for specialised tasks.

Mr. Enoch Powell (Dorset S.) called on the Prime Minister to make clear the Government's concern he would not under any circumstances "allow a phase of attack."

Mr. William Craig (Belfast E.) warned that authorities felt "impotent" under the present law, was "strengthened." Mr. Dunn said: "There is no simple answer. There is a war. There is still a war. We have to deal with it on a basis."

Mr. Kilfedder complained Ulster people were "grievously" from the IRA's "gutter" police, called on Mr. Dunn to "decide the Irish people tough work and introduce measures, including the of capital punishment, to deal with the murderous situation."

Mr. Dunn said that the answer to the problem was "to get the IRA to no longer need their soldiers and police achieve their ends. What can we achieve it by bringing economic ruin to the province?"

In the Lords, Lord Minister of State, Northern Ireland, said the Deputy Constable had issued a directive to all divisional commanders.

It instructed them to "additional mobile patrols and vehicle checks to familiarise themselves the homes of prominent members of the business community and to pay special attention to offer advice to business men or how to protect their premises and to call in the police when required."

The directive would be in force as long as necessary, said Lord.

Lord Hailsham (C) of the Government of political and lack of political action towards Northern Ireland, said the Government were "of opportunity the political parties together to exchange views



The crowded old "Mitsubishi" market at Asakusa in Tokyo—Woodblock print.

Getting the stimulus into world markets

However and wherever a commodity or service is traded, all marketplaces have an important thing in common. It requires money to stimulate action. And, increasingly, that stimulus is an infusion of money from Mitsubishi. As an international financial consultant

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Written Answers

FINANCIAL TIMES REPORTER

FOUR GROUPS of immigrants are now responsible for more than 1,000 children arriving in Britain each year. They are from Bangladesh, India, Pakistan and Hong Kong.

The information was disclosed yesterday by Mr. P. J. Woodfield, a deputy under-secretary at the Home Office in evidence to the Commons Select Committee on race relations and immigration.

The committee heard that the information about child arrivals after studying Home Office figures for the acceptance of wives, husbands and fiancés (male and female) to join immigrants settled in Britain.

In 1976, the committee was told, 8,200 men and 8,200 women were estimated to have been accepted under those circumstances, of whom more than half were from the new Commonwealth and Pakistan.

British immigration authorities have picked up 107 illegal immigrants so far this year, Mr. H. J. G. Richards, the chief inspector of immigration, told the committee.

He added that a fair proportion had attempted to enter as imposters. During 1976, 378 illegal immigrants had been discovered, of whom only 24 had been detected on arrival. The remainder had been identified after living in Britain for some time.

Questioned about the responsibility of employers who hire illegal immigrants, Mr. Richards said that an employer might be considered a party to the deception but "it is a difficult point."

The Home Office is becoming increasingly concerned about visitors to Britain who overstay the period allowed for their visas. Mr. Richards told the committee that this problem might force the Home Office to adopt reprisal. The potential numbers involved were enormous, he said.

statement has been made? Mr. Edmund Dell, Secretary of State, the investigation into allegations of dumping of suits from Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland and Romania has now been completed. My Department has found a measure of dumping, with material injury to the U.K. industry. Negotiations with the supplying countries have resulted in undertakings being received that prices will be increased by appropriate amounts where increases had not already been planned. I am therefore closing the case. Prices will of course be reviewed from time to time.

With the agreement of the industry I am not proceeding with that part of the application which covered boys' suits as quantities are relatively small, but this can readily be looked at again in future as a separate issue if it is later considered by the industry that there is a major threat.

Next week's business

MONDAY: Consolidated Fund (No. 2) Bill.
TUESDAY: International Finance, Trade and Aid Bill, New Towns (Scotland) Bill and Town and Country Planning (Scotland) Bill, remaining stages; motion relating to Agricultural Levy Reliefs (Frozen Beef and Veal) order.

WEDNESDAY: Job Release Bill, remaining stages; motions on the Prevention of Terrorism (Temporary Provisions) Act 1976 (Continuance) order and remaining stages; motions on Northern Ireland orders on appropriation, rates amendment and transport.

FRIDAY: Private Members' motions.
MONDAY (March 14): Debate on reports from Select Committees.
MONDAY: Representation of the People (Amendment) Bill, Covent Garden Markets (Financial Provisions) Bill, second readings; Roe Deer (Close Seasons) Bill, committee.

TUESDAY: Aircraft and Shipbuilding Industries Bill, second readings; debate on homeless young people.
WEDNESDAY: Debate on threat to national heritage.
THURSDAY: Aircraft and Shipbuilding Industries Bill, committee; remaining stages; Criminal Law Bill, report.

FRIDAY: Debate on threat to national heritage.

THURSDAY: Aircraft and Shipbuilding Industries Bill, committee; remaining stages; Criminal Law Bill, report.

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THURSDAY: Aircraft and Shipbuilding Industries Bill, committee; remaining stages; Criminal Law Bill, report.

FRIDAY: Debate on threat to national heritage.

The Management Page

John Elliott

EDITED BY JOHN ELLIOTT

FORWARDS STAGE THREE

Bringing cash incentives back to the workplace

By JACK JONES

LONG term solution to our economic problems must be based on greatly increased industrial efficiency and scale of output. Cuts in the money supply, reduction in public spending, and high interest rates are best temporary expedients. They do not by definition accomplish the allocation of resources to the manufacturing support services which are vital for the improvement of our living standards.

Our course we accept the need to reduce inflation, to strengthen the pound, and to reduce the balance of payments deficit. All these weaknesses it and handicap our efforts to raise the level of industrial activity, but the attainment of these valid objectives depends on success in raising the whole of our industrial performance.

The monetarists are having a day pretending that there some simple deflationary remedy to our problems; but of course no-one wants to see a fall in the money supply to non-productive spending. On the other hand, expansion of spending to achieve selected essential investment in manufacturing and support industries such as transport construction is a self-evident priority. Non-discriminatory deflationary measures would eventually delay the cure and weaken the patient. We need to ask how long we are to continue subjecting borrowing

for essential industrial expansion to the same penal rates as borrowing for purposes which increase demand as opposed to increasing output.

To fight our way out of the economic mess, we are now in a position to reactivate the positive and productive attitudes within industry. There is a need to get back to a situation where everything is geared to raising output and productivity and to reducing unit costs. Just as this cannot be done without the impetus of higher investment, so it cannot be achieved without a return to the best aspects of normal collective bargaining.

It really is frightening to hear some people equating the difficulties that we have had with the International Monetary Fund loan with the need for a further period of highly restrictive incomes policy. To never worked under that type of system and fail to understand the advantage of a mutually agreed trade union agreement and restriction which is an attitude that indicates only a deep ignorance of what is happening in industry.

The trade unions have clearly demonstrated their willingness and ability to make a decisive contribution to the reduction of inflation, and we certainly do not intend to see this major achievement dissipated in any outburst of confidence. We accept that a responsible approach will be necessary, but now we must

make an equally decisive initiative to unite all in industry in the drive for greater output, from which higher wages can be generated. We must get back to basics and assert the essential link between pay and work performed and the output achieved.

There has been a tendency to lose sight of the essential human factor in many occupations in industries. The application of effort and skill is still a vital element in achieving the best levels of efficiency and output from the available equipment. That is why, I personally, emphasise the advantage of payment-by-results and incentive schemes, in achieving a realistic and non-inflationary return to voluntary collective bargaining. Most of those who glibly criticise piece-work and payment-by-results systems have never worked under that type of system and fail to understand the advantage of a mutually agreed trade union agreement and restriction which is an attitude that indicates only a deep ignorance of what is happening in industry.

Of course, there is a wider range of sophisticated incentives than direct payment-by-results systems. The simple piece-work approach, whether for individuals or groups, is only applicable in certain areas of operation; but, nevertheless, its advantage is considerable where there is a direct relationship to effort.

Other effective schemes can be based on the "time saved" principle and can be applied to



Mr. Jack Jones, general secretary of the Transport and General Workers' Union, and the architect of the social contract.

logical change has meant that more is being produced and more services can be operated by relatively fewer people. This provides a basic growth in employment which can only be tackled either by early retirement or shorter working hours and in this framework there is a case for greater harmonisation between salaried staff employees and manual workers. Finally there is the development of a minimum wage platform by the TTC to cover lower paid workers.

This is a well-established area for central guidance from the TUC which unions welcome. But in other respects unions in Britain cherish their independence and, in the orderly return to voluntary collective bargaining, most of them will seek to emphasise that unions and employers at company and workplace level should be trusted to deal with the problem.

Then there is the question of shorter working hours. Techno-

Specialists for tax fiddling

European Financial Reporting: Italy. By M. I. Stillwell. The Institute of Chartered Accountants in England and Wales. Price £8.00.

THERE IS a fairly widespread belief that accounting practices and tax evasion go hand in hand. Add of no country is this more popularly believed than Italy where stories of multiple sets of books, hidden records, secret bank accounts and destroyed original records usually contain more than a hint of truth.

Now a new book from the Institute of Chartered Accountants in England and Wales attempts to put the record straight. It is written by Michael Stillwell, a partner in chartered accountants Coopers and Lybrand, who worked for 21 years with Coopers in Milan.

Mr. Stillwell says that tax fiddling is a major aspect of the Italian business scene but that the result is not a "virtually tax-free Shangri-La for audacious evaders." The real problem is that "the Italian tax authorities have had the justifiable impression that many business taxpayers were understating their taxable income."

"The taxpayer who wants to remain completely honest may find himself subject to arbitrary assessments by the authorities who assume he is cheating," declares Mr. Stillwell. "The honest taxpayer may also find it difficult to compete in business with the evader who, since he pays lower tax rates, can also sell at lower prices. Beyond this, the taxpayer attempting complete honesty may find that his customers, who are evading by failing to record entire transactions, will put pressure on

him not to record their purchases, lest the taxmen discover them."

Against such a background it is hardly surprising that published accounts, which are used as a starting point in the negotiation of a company's tax liability, are "maintained with an eye to minimising tax payments." In the process what Mr. Stillwell calls "unusual accounting practices" are often adopted, the most common of which are the omission of a portion of the business from the records and the under-valuation of stocks. Others listed include: the maintenance of more than one set of books, deliberately understated tax provisions, excessive depreciation, and overstated bad debt provisions. Apparently, the "unofficial books," which are not fiddled, are also known in Italian business circles, rather appropriately, as "black books."

In such a complicated situation effective tax representation is clearly vital. According to Mr. Stillwell "the Italian professional accountant has developed over the years as a specialist in negotiation with business taxpayers were understating their taxable income." Where clients' tax declarations are based on official accounts which do not reflect the company's performance, an understanding of the tax inspector will negotiate a settlement as long as it is higher than that of the previous year.

What that "understanding" involves and how the negotiation process actually works is left to the imagination. Which is something every businessman needs a lot of in Italy.

Michael Lafferty

Search for a definition and use of risk analysis

SIX years of using risk analysis—a system of appraising uncertainties involved in business decisions so that certain can be taken rather than avoided—Rio Tinto-Zinc Corporation feels that it is a mixed blessing.

According to Mr. G. Sage, a director of RTZ-Pillar Engineering, who was involved in the introduction of risk analysis to RTZ, revealed his company's experiences of the seminar in London last month. The seminar, at Imperial College, produced a variety of views on a form of analysis which has yet to gain general acceptance. The underlying management not immediately in industry—from British Petroleum and the National Coal Board, as well as RTZ—was that the system was useful in specialised, rather than wide-ranging instances; but it still had to prove itself.

One problem which emerged was that a universally acceptable definition of risk analysis has still to be found. To some, it is a way of analysing the probable risks associated with major capital investments, while to others it has a much more general use in assessing risk in many aspects of business.

Another factor restricting its general acceptance appeared to be a lack of understanding of the subject—and particularly the terminology involved—among those members of management not immediately in industry from British

RTZ was so decentralised, there was no strong central servicing department for the whole group and as a result emphasis had been put on establishing simple decision-making procedures which managers could operate. He felt that top management—meaning the main RTZ Board—would probably think that risk analysis had not changed the company discernibly.

Mr. Sage described how risk analysis had been used in relation to a potential new mine. A dam had to be built in a valley which was to be used to accommodate certain waste materials. Calculations suggested there would be enough room for waste in the valley if it were dammed at a narrow rather than a wide point. It seemed that there was little room for error, however.

Risk analysis was used and this confirmed that a dam at the narrow point would be adequate. In the end, however, the mine project did not go ahead.

An earlier speaker, Mr. J. Pezler, of the Stanford Research Institute, discussed in more detail the elements of risk analysis and was much more convinced of the benefits of the system and the range of uses to which it could be put. But he also highlighted the lack of a consensus definition of the subject, his own inclination being that it was a system of analysis which could be applied on a wide front rather than, for example, to a limited range of major capital projects.

Mr. R. T. Laurence, of the corporate planning department at BP, described how three years ago his unit had started to introduce the method in the context of capital expenditure.

Two years ago it was decided to apply risk analysis to capital schemes where several millions of pounds of expenditure would be involved; but a year later this ceased when it became evident that there was a lack of experience in using and criticising risk analysis work.

But on balance Mr. Laurence made it clear that risk analysis was not making much headway in BP, largely because of the subjectivity involved, and also because results of risk analysis were not readily understandable. In addition, there was no real way of assessing how useful its results had been.

A rather more favourable industrial view of risk analysis came from Mr. R. Ormerod, of the National Coal Board operation research executive.

Mr. Ormerod gave examples of how analysis was helping the NCB to handle the operational, geological and business risks that it faced. For operational risk, underground coal clearance systems were simulated on a computer to examine the risks of production losses due to belt stoppages and other factors, while assessment of geological risks entailed "gaming"—that is, a form of simulation—to examine the risks associated with different mine plans.

But there were organisational and practical constraints involved in using risk analysis for major capital schemes. Nonetheless, Mr. Ormerod said he considered that analysis of the risks involved in projects may be less important, than generating the right projects, investing to reduce risks, and carrying out research to reduce uncertainty.

Nicholas Leslie

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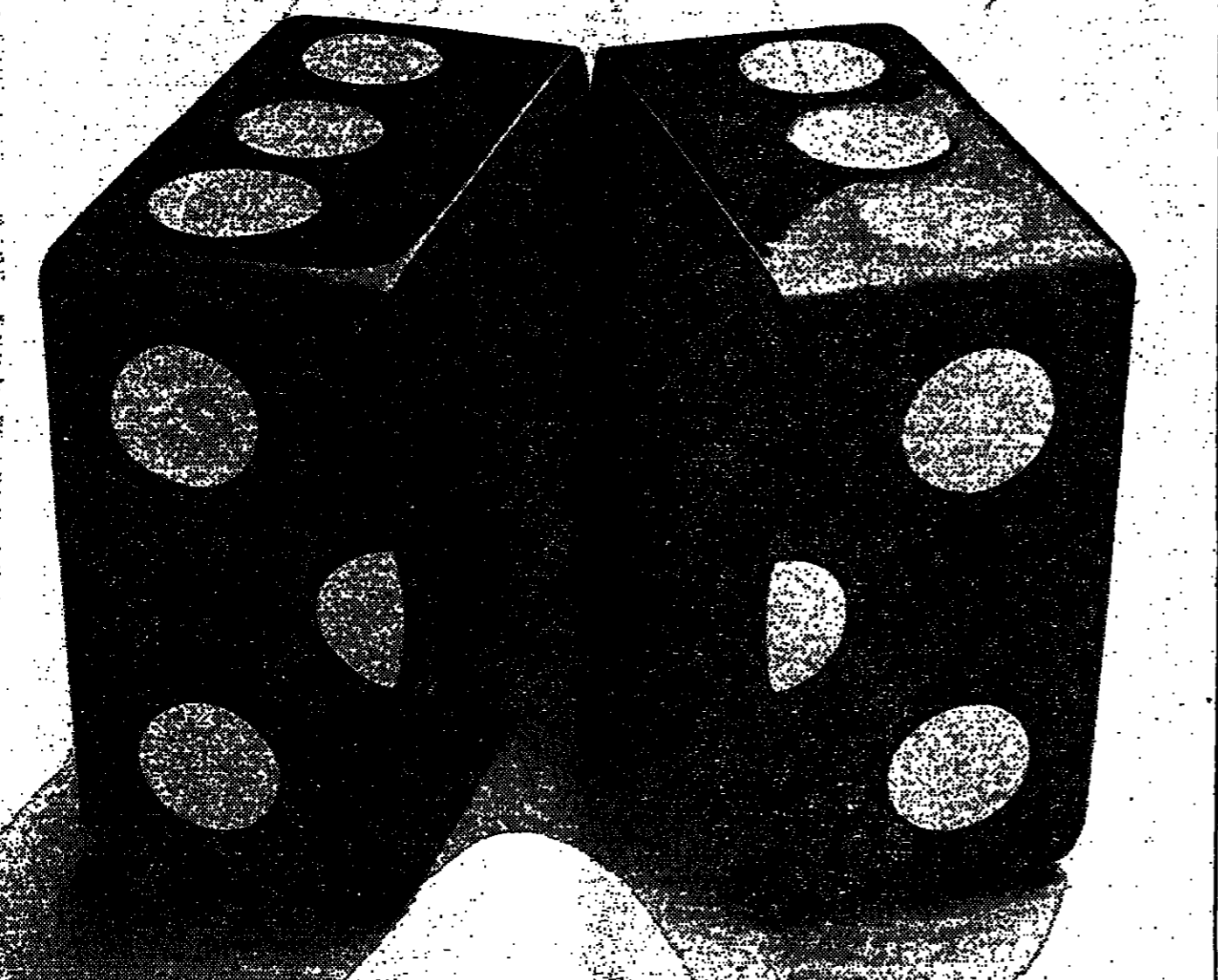
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Crisis point for Italian giant State companies

BY PAUL BETTS, Rome, March 3

Divided views on housing

BRITONS are now better owner-occupied houses are housed than ever before, so investment good, those who regard them as a consumption of the availability of houses and good, and those who believe both their quality this country now points to be irrelevant and that compares very well with most tax policy should be related to other West European nations, the role that home ownership Yet there is still an acute short-

plays in housing policy as a age of good quality housing in whole. parts of London and in certain other population centres for the young, the single, the elderly, the mobile, the large family, the improvident, or the socially handicapped household. Homelessness and squatting have increased in spite of—or perhaps because of—a record number of vacant properties and despite the huge increase in public expenditure on housing.

Paralysed This would be bad enough were it not for the fact that, because these matters have become so politically charged, attempts to arrive at a more coherent, equitable, responsive and efficient set of policies are all too often paralysed. There is a seemingly unbridgeable divergence between those who regard housing as a social good, on a par with say the health service, and those who see it as primarily a consumption good, albeit one that at a certain minimum standard is a basic necessity. There are those who believe market forces should be mobilised to help achieve social as well as economic ends and there are those who see the market system as incompatible with housing policy. Even on the matter of the proper tax treatment of home owners, there is a dispute between those who say

More room for the Chancellor

ALTHOUGH the Treasury is still trying to maintain a cautious interpretation of them, the latest figures for the public sector borrowing requirement will rightly be read as encouraging further hopes of a reflationary Budget. On an annualised basis, the PSBR now looks like emerging at £9.2bn. for the financial year, if its recent declining trend is maintained, it could even come out below £9bn., as some City forecasters have suggested. This compared with official forecasts of £12bn. last April, £11.2bn. in the Letter of Intent, and more recent hints of £10.5bn.

Massive errors It is tempting to jump to the conclusion that a shortfall of up to £2bn. in the borrowing requirement for the current year implies the possibility of equal tax cuts without any offset; but this is far more weight than the evidence will bear. What matters for the Budget is not the borrowing requirement for 1976-77, but that for 1977-78, and it is no simple matter to read from one year to the next. If it were, the Treasury would hardly have fallen into such massive forecasting errors in each of the last three years. A careful analysis of what has brought about this change is required, but unfortunately the evidence required for such an analysis is not only not available in the published figures, but will not be known to the Treasury itself before Budget day.

Conservative This advice is impressively supported by economic argument, and might well in an ideal world justify some increase in the PSBR next year if growth is disappointing; but a growth lesson of the past year is that, financial confidence is almost the most important determinant of the whole outlook, and the markets would hardly take kindly to any backsliding. It would seem wiser to base policy on a more conservative assessment of the success which has so far appeared, and stick to the PSBR aims already stated and a realistic growth forecast. Such fiscal caution would help to make room for rather greater boldness than has yet appeared on the financial front, and allow for a sizeable fall in interest rates—a fall which would itself make it much easier to maintain the impressive control of public deficit which is displayed in the latest in the context of a policy figures.

THE decline and fall of Italy's giant State conglomerates, which in effect represent the backbone of the country's economy and, incidentally, the power base of the long-ruling Christian Democrat Party, has now entered a critical phase. In the current climate of economic and political uncertainty, with the powerful Italian Communist Party seemingly more than ever threatening the Christian Democrats, a series of bitter internal feuds, coupled with mounting financial losses, have thrown Italy's State enterprises into their worst crisis since the war. In so doing, they could provoke a radical transformation of the country's economic structures.

The latest crisis erupted last week in the form of a top management row which has split Italy's largest State holding company and biggest individual employer, the Istituto per la Ricostruzione Industriale, better known as IRI. But there have also been other victims. On Monday, the giant Montedison mixed State-private chemicals group announced a senior management reshuffle after reporting the resignation of two senior executives, and heavy losses of some £20m. last year, as well as accumulated debts totalling nearly £1.5bn. On Tuesday, the Minister of State Holdings, Signor Antonio Bisaglia, declared that the Government proposed to dismantle another State group, the perennial loss-making minerals concern, EGAM.

To an extent, this crisis in Italy's State sector is a product of the crisis of the Christian Democrat Party itself, whose minority Government headed by Sig. Giulio Andreotti now needs the indirect backing of the powerful Italian Communist Party to govern. To a much greater extent, however, it is the result of political and economic policies that have transformed what was once regarded as a model system, successfully combining the entrepreneurial spirit of private enterprise with the "social responsibilities" of nationalised industry. It was to some extent this very model which inspired the creation of the Industrial Reorganisation Corporation.

To understand the seriousness of the crisis, consider the role a group like IRI plays in the economic and social life of the country. With a turnover of more than £10,000m. (about £7bn.) last year, it controls six financial holding companies which in turn control something like 150 operating companies in Italy alone, employing about 500,000 people. Among these companies are the Alfa Romeo and Alfa Sud car manufacturing plants, the Aeritalia aerospace industry, the Italcantieri shipyards, the Italsider steel group. If this were not enough IRI controls four leading banks, including the Banca Commerciale Italiana, the Credito Italiano,

THE STATE OF ITALY'S STATE HOLDING COMPANIES IN 1975

Table with 5 columns: Category, Workforce, Turnover, Profits/losses (Lire bn.), Subsidiaries/subventions. Rows include IRI Main subsidiaries, Finisider (55), Finmeccanica (99), Fincantieri (99.9), STET (57.7), Finmare (75.4), Italtel (97).

IRI also has control over the following banks: Banca Commerciale Italiana (89.9%), Credito Italiano (77.3%), Banco di Roma (89.2%), and Banco di Santo Spirito (99.9%). It controls as well the State airline, Alitalia, which lost £38m., the motorway network, Autostrade (90%) and the national broadcasting network, RAI (99.5%).

ENTE NAZIONALE IDROCARBURI (ENI)

Table with 4 columns: Category, Turnover, Profits/losses (Lire bn.), Accumulated debts (Lire bn.). Rows include ENI Main subsidiaries controlled, EGAM, EPIM.

ENI controls 214 companies with activities in the energy, chemical, infrastructure and services, mechanical, textile and financial sectors. The Government proposes to allocate EGAM's mechanical, textile and mineral activities to ENI while its steel operations are earmarked for IRI. EPIM controls or participates in 12 financial holding companies which in turn control over 100 operating companies.

New holding companies like EGAM, and the state engineering group EFEM, were set up chiefly as rescue operations to bail out bankrupt private companies and as vehicles for political patronage. As their proportion of risk capital shrank, state enterprises had to rely increasingly on debt financing to undertake new investments, some 60 per cent of which now have to be located in the depressed south. It meant investing heavily in areas devoid of proper infrastructure and undertaking immense projects like the Gioia Tauro integrated steel centre in Calabria—a site chosen for purely political reasons.

With the advent of the recession and the energy crisis, the state industries found it increasingly difficult to obtain from the Government the kind of state subsidies necessary to finance the ambitious programme of the Mezzogiorno at the same time as renewing their investments in the industrial north.

In this climate, it was no longer possible to cover up the scandals, the corruption and the political intrigue which were going on behind the scenes. The first bombshell occurred in March, 1975, when the chairman of EGAM, Sig. Mario Einaudi, was forced to resign after a controversial deal in which EGAM allegedly paid three times the market price for a major stake in the ailing Genoa shipping, insurance and newspaper group, Villain e Fassio—activities which had nothing to do with EGAM's mineral opera-

are taken by a laboriously centralised process and that the group's central executives rarely go out in the field to see for themselves the realities of IRI's activities and problems. Last year these included the crippling of the Alfa Romeo plant by more than 1,400 wildcat strikes and consistently low production at the heavy iron-making steel plant of Bagnoli near Naples, which cannot be expanded nor removed because of the labour implications.

The reaction to the IRI agreement from managers, Italy's other big state-owned Ente Nazionale Idrocarburi (ENI), where an intense struggle is taking place over a long delayed appointment of a new chairman for the subsidiary AGIP is indicative of present mood of frustration meeting the chief cadres of state industries. In a worded telegram in response of the 13 IRI rebels, the expressed concern that the proposed Government reorganisation and renewal plan for the state sector is nothing more than political verbiage.

On Tuesday night Minister of State Holdings, Bisaglia, said that a review of the management structure of state industries would be undertaken. However, his announcement of the Minister's intention to dismiss the troubled EGAM group entrusting EGAM's mineral activities to ENI and steel operations to IRI has greeted with apprehension. side IRI, some seem to interpret this move as a subtle side-stepping of a situation by which the various subsidiaries of EGAM without effective powers to reorganise their financial and operational structures.

The EGAM dissolution is widely regarded as yet another rescue operation, but on a grander scale. Faced with rising unemployment, continuing economic recession, and the failure of an effective policy to lift the depressed south, the Government to reform the whole structure of the state holding system. But according to economic experts here, the Government must cease to impose bureaucratic and political constraints on the state sector. Instead, it should revert to original principle of an open market by taking steps to encourage a greater participation of private risk capital in itself, would exert indirect control on the sector, since it would stimulate to make the sector profitable to ensure that the Government to assume responsibilities and turn enterprises into public

MEN AND MATTERS

No hats off for the Commons

Another resounding blow has been struck for taking Parliamentary procedure into the 20th century. A Commons Select Committee has been deliberating in great solemnity the momentous issue of how MPs should raise points of order in the chamber when a vote is taking place. For 200-odd years the rule has been that members should be "seated and covered"—that is, wearing a hat. This is usually nothing less than a collapsible opera hat, kept in the chamber for that very purpose.

Not surprisingly, many MPs feel that with Parliament having lost much of its prestige as an object of national admiration, a practice that looks so much like the Mad Hatter's tea party only serves to make the place seem even more ridiculous.

So the committee of 15 conscientious members pondered and pondered. Yesterday it published a 20-page report concluding that although times have changed, the rule should be maintained, if only to create "a certain disincentive" for obstreperous souls seeking to add to the already considerable turmoil of a division. But just to stop spoilsports from refusing to pass the hat to someone they don't wish to speak, their finding is that not one but two collapsible opera hats should be available. The absurdity of it all has proved too much for George Cunningham, the Labour MP for Islington South, who submitted a memorandum to the committee stressing how wrong it was that a member should be forced to choose between exercising one of his rights and joining in "kindergarten" behaviour. If the lunacy is allowed to go

re-building and re-vitalising America's auto capital.

Rossi's circus

There was a distinct circus atmosphere yesterday when the portly Tory MP Hugh Rossi de Rothschild who put the collection together just over a hundred years ago. Legend has it that Rothschild decided it was cheaper to buy 18th century French furniture than go to Naples. He was misquoted. His actual words were "its cheaper than going to Naples." Not anymore to judge by the kind of figure now being bandied around as the likely outcome of the planned auction at which Sotheby's reportedly hope to see art dealers and distributors from America, the Middle East, Europe and elsewhere compete fiercely among themselves.

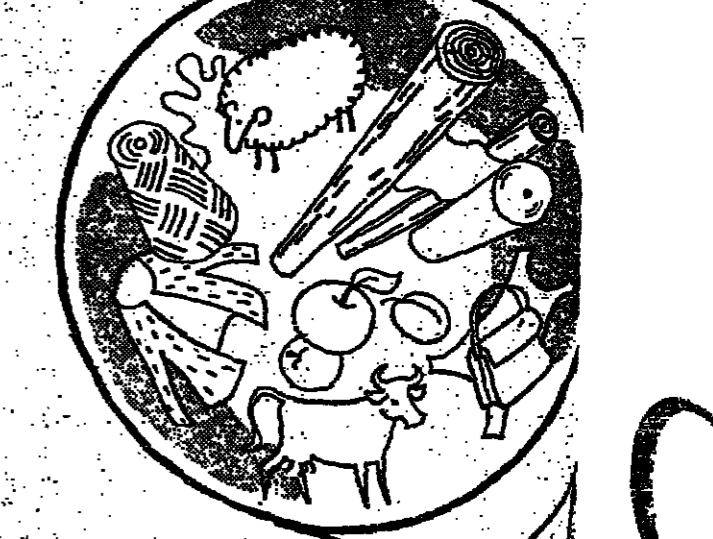
Mentmore hopes for reprieve

Although the hand of Sotheby's lies heavily on Mentmore Towers Lord Rosebery, who inherited it on the death of his father nearly three years ago, is still hoping that a buyer prepared to pay some £9m. for the entire estate and contents will turn up before April 5. Falling this, or a change of heart by the Department of the Environment, which has so far balked at his offer to sell it to the nation in lieu of death duties, the bulk of Mentmore's disparate collection of art treasures will be sold by auction early in May.

Ford's bid

News that Henry Ford has joined the consortium led by Detroit-based Allen Taubman Company in its \$30m. cash offer for the Irvine Ranch, a Southern California real estate company, set us wondering whether this was all part of his retirement strategy, a ranch in the California sun. Apparently not. Ford recently resigned as trustee of the Ford Foundation and also announced that he was 60 next September, that company rules insist on retirement at 65, and that in effect the search was now on to groom an eventual successor. The word from Detroit however is that there is no question of Ford stepping down from his chairmanship in the immediate future and his interest in the Irvine Ranch bid, in competition with Mobil Corp., is a personal venture in conjunction with his old friend Taubman. The two already work together, for example, in the project called the Grand Hall, Detroit Renaissance, aimed at

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Friday March 4 1977

Overseas Construction

Slack times in their home markets have prompted construction companies the world over to look abroad for new or expanded business among the developing countries. Winning and operating contracts in these areas involves hard work, but for most groups the rewards appear to be reasonably adequate.

Tapping the potential

By Michael Cassell

GO-OVERSEAS or go out of business? could well be the motto adopted by the growing number of builders and civil engineers—not just from the U.K.—making work in new markets. The problem is that without careful planning and a realistic assessment of their capabilities, many contractors could unwittingly speed up their demise rather than avoid it.

The winning and successful completion of contracting work overseas has never been easier and is now becoming increasingly difficult. It is hard work, expensive and not always profitable. Politics can be as vital as prices, and there is no room for the faint-hearted.

But despite all the problems and potential pitfalls, an increasing number of companies have succumbed to the temptations of the Gulf, Australasia and South America search for work. Some have had little choice, with alarming reductions in domestic work forcing them to look further afield and to ignore the sound principle that the risky business of work overseas is best carried out from a position of strength at home rather than weakness. But as the managing director of a large U.K. civil engineering concern, with 80 per cent of its work abroad, said recently: "If we had been committed to our domestic market to the same degree, where on earth would we be now?"

For some companies, however, support in this field there is a new emphasis on overseas work has merely meant an expansion and expansion of their existing foreign operations, ties of builders and civil on

engineers, together with the allied professions, can have the country's balance of payments and its overall economic prosperity.

This appreciation was highlighted in 1975 when the Government announced the establishment of the Construction Exports Advisory Board, designed to ensure that the UK construction industries and professional services overseas do not make more fully in overseas markets. There has been criticism of progress by the Board towards achieving some form of industry structure on which to base collective exporting effort has been slow, but there are definite signs that it is beginning to mobilise the construction sector in a way that could help to overcome the damaging fragmentation of the past.

In the next year, the Board—which is not in business to assemble consortia for big overseas projects—will be concentrating its efforts on the identification and exploitation of opportunities abroad, studying ventures which have proved successful and seeing what lessons there are to be passed on to other companies.

Of major concern to the Board and to the industry as a whole will be the role played by Britain's existing network of international Government agencies in helping to identify potential business and promoting UK companies and their skills.

Again, there is a fairly widespread belief that Britain's diplomatic and commercial efforts in the export effort and that, as a result, they will create harmful anomalies.

A major plank of the proposals is that employees whose work involves overseas earnings will, if they work abroad for a minimum continuous period of 30 days, be eligible for a 25 per cent tax reduction, while those designed to ensure that the UK spread belief that Britain's will be a 100 per cent exemption for those overseas for 365 days or more.

The industry has, however, been quick to point out that many employees may spend as much as two or three months in every year out of the country but that they are not necessarily away for more than a few days at a time and would not, therefore, be helped at all by the new proposals.

As the Export Group for Constructional Industries told the Inland Revenue, senior staff and highly skilled personnel based in the U.K. usually provide the nucleus of the team engaged in overseas work and they were required to be on call at short notice to travel overseas.

They could, said the Export Group, be involved in negotiating new work or supervising actual construction operations

as they were being undertaken. Staff in this category, with the necessary high level of experience, were the most difficult to obtain, and income restrictions meant that many companies were already having difficulty in retaining their services. They were most susceptible to offers from the foreign competitors of British contractors, and some organisations had identified this as a primary problem militating against further overseas expansion.

In its own representations to the Inland Revenue, the British Consultants' Bureau has also questioned the fairness and effectiveness of the proposals. It believes that, given the importance of foreign exchange earnings for the U.K. economy, the Government should in any case be going much further by providing positive incentives to individuals to spend extended periods abroad in securing and carrying out overseas work rather than merely giving some tax relief as compensation for the personal disruption inevitably involved.

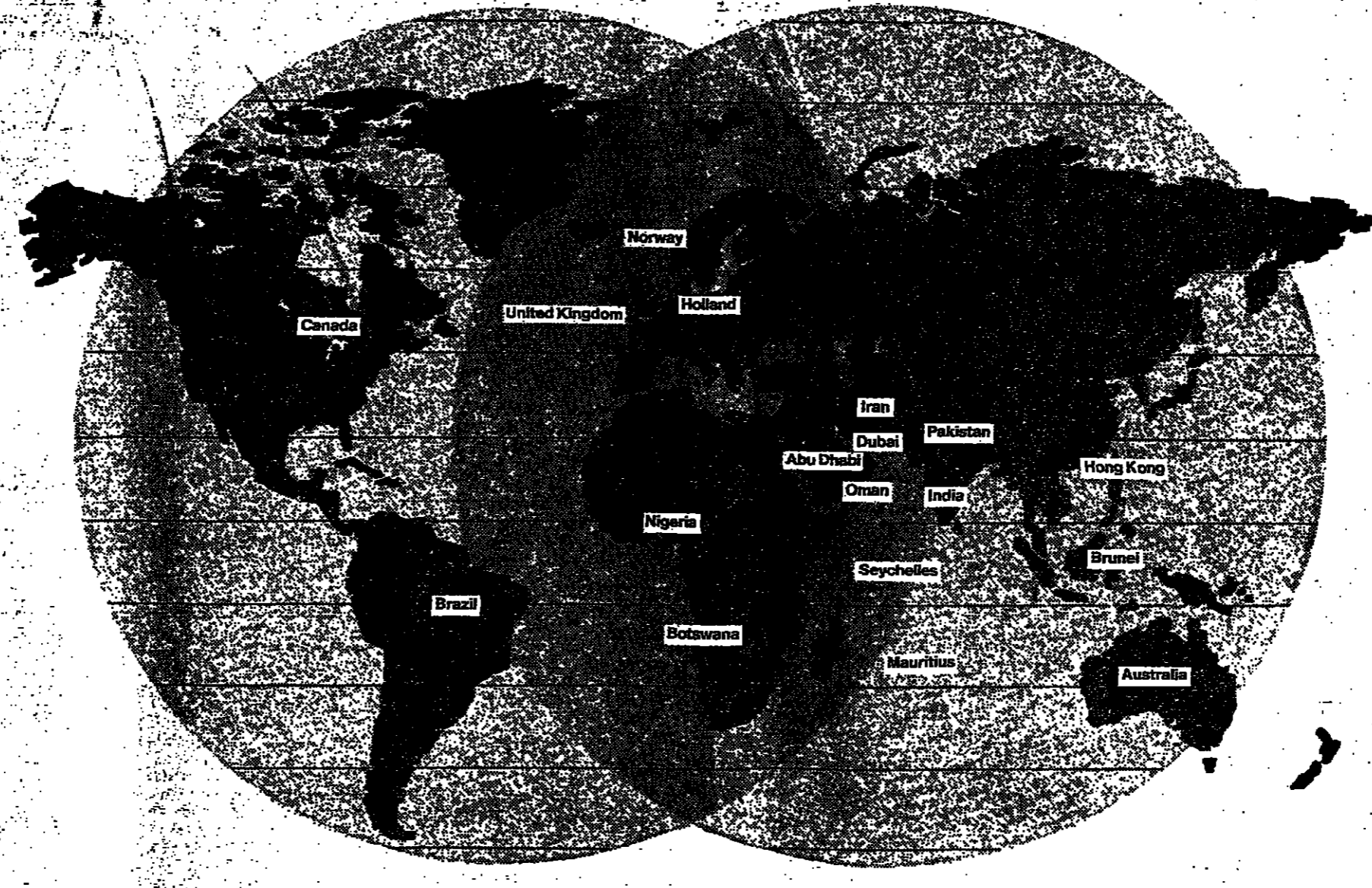
Attempts are also being made to solve some of the problems of bonding which confront companies carrying out work overseas. While it is agreed that the Export Credits Guarantee Department has a good record in this field—some would say it is nevertheless generally agreed that an extension of existing insurance arrangements could considerably broaden the industry's capacity for overseas work and give it more confidence in what is generally regarded as a very high-risk area. With the help of the industry, the Bank of England is now co-ordinating work on this front.

In the meantime, the British civil engineers, builders and associated trades and professions continue to compete in world markets. The extent of their success so far is also the subject of widely differing views.

There are some notable voices within the industry which baldly state that the performance of contractors could be a great deal better and that, when the annual value of overseas orders is adjusted to take account of inflation, the U.K.'s recent overall success looks decidedly more modest.

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- Peru —The Chira Piura irrigation and land reclamation plant and the Poeschos dam.
- Panama —The Bayano hydro-electric power plant.

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- Kenya —A complete water supply system in Nairobi.
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- Libya —The Wadi Caam and Garabull irrigation and land reclamation systems and the Tripoli thermal power plant.
- Nigeria —The International Trade Fair—Lagos, and electrification of Western Nigeria.
- Gabon —Conference Hall—Libreville.
- Kuwait —Recreation Centre, Pumping Station—Shuaiba and Housing—Mina Abdullah.
- Central African Republic —The Boali II hydro-electric power plant and Omnisport Hall.
- Arab Republic of Egypt —El Mullak irrigation and land reclamation project.
- Guinea —Two hydro-electric power plants, Boko housing and installation of loading equipment for mines.

COMPLETION ON TIME
 The order book for future projects is growing, ensuring continuous growth of the Company. Energoprojekt's motto is that an international reputation is the best form of recommendation. The confidence of a company which delivers on time can be illustrated by a recent Zambian contract, where it took only 105 days to complete the complex for the non-aligned countries conference in Lusaka.

JOINT COMPANIES WORLD-WIDE
 Energoprojekt has a number of joint capital investment companies in all parts of the world. Its activity is especially important in the areas of the developing countries. The Company's successful engagement on many important projects represents a valuable contribution to their development in accordance with the friendly relations between Yugoslavia and the countries of Asia, Africa and South America. The major assets of Energoprojekt, the vast experience of its technical staff and the worldwide network of its offices and joint companies, have created favourable conditions to bid for future contracts and to be present in the markets of developing countries.

The logical continuation of such a policy, typical from the beginning of business relationships with developing countries, is also the principle that all profits made by joint efforts are reinvested in that country. In practice, technical and other staff trained in the local market and the material investments, remain for the benefit of the country concerned and this has given Energoprojekt a high degree of appreciation in the non-aligned developing countries.

Big names in the world construction scene

MOST OF the major industrialised nations are attempting to win construction contracts overseas and increase the extent and value of their foreign participation.

Overseas work is an important earner of foreign currencies and makes a positive contribution towards that nation's balance of payments. More directly, an overseas construction operation can generate exports of plant, equipment and all the materials necessary for the project together possibly with some of the skills and services required.

Until recently the international contracting scene has been dominated by companies from North America and Europe although lately some newcomers such as the Japanese and South Koreans have been recording notable conquests and are fast becoming a force to be reckoned with.

In value terms the U.S. remains way ahead of all its international competitors stretching its involvement around the world from Latin America to the Middle East and with single contracting organisations handling work worth more than all the combined contracts won by companies from any other one nation. Estimates suggest that, in 1976, U.S. contractors won work value not far short of £7bn, leaving behind by miles its main competitors like West Germany, France and the U.K.

Reacted

The American contracting industry is dominated by names like Fluor, Brown and Root, Daniel International and Bechtel. These and many more have reacted to the lean and highly competitive domestic market by gearing up foreign operations at every possible opportunity.

Not unaturally, the Americans have made for those parts of the world where demand has been greatest and the latest indications are that one out of

every ten dollars in all new active in the developing countries of local staff is regarded as an essential element in the group's programme of assisted development for its client nations.

Dutch contractors have traditionally been active abroad, with names like Bos Kalis, HEG, Stevin and ODEM-Nederhorst heavily committed overseas. The bulk of Dutch foreign orders has traditionally come from Europe itself, although the pattern has recently been swinging away to include the Middle East and Africa. The Dutch expertise in specialist services such as dredging and marine construction has, however, been in demand throughout the entire international market and British contractors like Costain have formed joint companies with Dutch operations in order to utilise their expertise in these fields.

The trend is for U.S. contractors to take on a growing share of design-construct work, a trend which gathered pace with the industrial expansion of the early 1970s and which has now grown to the point where over half of all overseas work is on this basis.

But although the value of American contractors' activity abroad has over the years been around seven times greater than the level of work overseas carried out by, for instance, the British, the U.S. has not been as successful when judged in relation to the size of its domestic industry. Overseas construction, in fact, appears to have been most important of all to the U.K. industry, where it has represented a consistently higher proportion of the total workload. Overseas work has also been important to countries like France, Holland, although the degree of foreign involvement by countries like Japan and Italy has until lately been much lower.

The U.S., apart from its wide general contracting skills has developed an army of companies able to provide a full range of consulting, design, engineering and construction services. Typical is the Austin Company of Cleveland, Ohio, which has one of its many subsidiary operations in the U.K. The company can offer a full spectrum of skills and disciplines all under a single contract and, like many of its competitors, has often won business overseas because its domestic clients have called on their services abroad. For companies like Austin, the pattern is definitely one of more international work ahead, with overseas contracts ultimately accounting for up to half of total turnover.

Apart from the U.S., most of the other major international civil engineering operations are based in Europe and several nations have emerged as specialists in some particular aspect of construction work. The Italians, for example, are respected for their experience in tunnelling and earth dam works while the Dutch, despite their breadth of civil engineering skills, are still firstly thought of as the dredging experts. Nations like Germany and France are regarded in much the same light as the U.K., being able to offer a high standard of general civil engineering skills. Like the U.K., both German and French contractors are now seeking to increase their percentage of overseas work, faced with a decline in home market workloads.

Numbered

By comparison with other European countries, France has done well in overseas contracting and is numbered among the top national civil engineering forces. The value of overseas work obtained by French contractors has for many years been greater than that of the U.K., although latest figures suggest the balance might now have turned in Britain's favour, and much of its business has been centred around countries in North Africa where its political and currency links have been strongest. The region has recently been accounting for up to 40 per cent of France's overseas civil engineering activities, with 15 per cent coming from within the EEC.

For German contractors, such as Holzmann and Hochtief, who last year were placed second in an unofficial table of new overseas contract awards, the bulk of their foreign business has emanated from African states, such as Algeria, Libya, Nigeria, Sierra Leone and South Africa. The EEC has not provided the Germans with much work but the Middle East nations are becoming increasingly important and some major contract successes are being recorded.

Like Germany, the influence of Italian contractors has so far been concentrated in Africa, although they have also been

active in the developing countries of local staff is regarded as an essential element in the group's programme of assisted development for its client nations.

One other major international force which cannot be ignored is South Korea, which is particularly active in the Middle East. Competitors have been stunned at the scale of their onslaught in the last eighteen months, apparently willing to take on business at tender levels which would spell heavy losses for most contracting operations. The South Koreans' major advantage—they have been undercutting on tenders by up to 25 per cent—is their ability to draft in large numbers of their own workers to overseas construction sites, rather than relying on a hard core of their own professional men and local opera-

tives. Well over 30 Korean contracting operations now operate abroad, in contrast to the position a decade ago when only a few companies worked overseas. Korea's efforts have greatly assisted by a financial and political climate behind the export drive, a thing which has raised various eyebrows among contractors from other nations. The arrival of the Koreans in Iraq, would clearly seem to be a tough and increasing challenge for some contractors who are growing failures for

Michael C...

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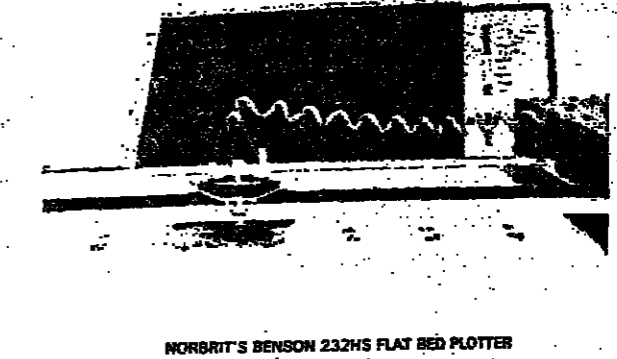
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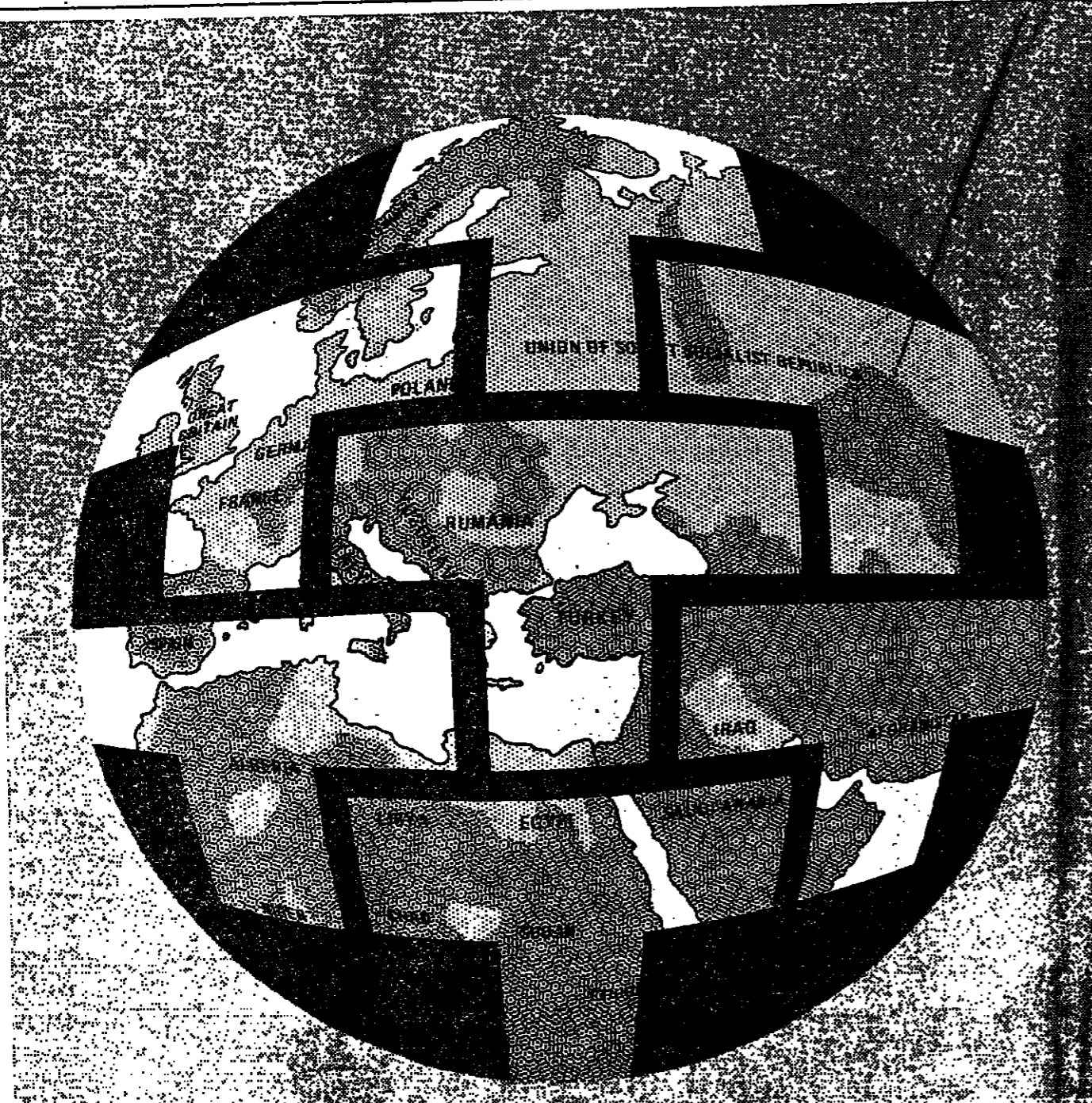
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JP...
17

Challenge to U.K.'s high ranking

U.K. building and civil companies reached £158m. at the end of 1976, a 10% increase on the £143m. of the previous year's total of £110m. If earnings from the rest of the world are also included, together with earnings from the direct investment of British parent construction companies in overseas branches and subsidiaries, the total contribution to the country's balance of payments by the construction sector, excluding materials, was over £240m.

Many of the U.K. companies operating abroad have been doing so for decades, winning business in areas of the world that have long-established links with the U.K., the nations of the old Empire and more recent Commonwealth, providing markets with few language barriers and considerable allegiance and affection towards the U.K. So although it might easily be imagined that all overseas work is now concentrated in the oil-rich states of the Middle East, the U.K. civil engineering presence extends much further, to Africa, the Far East and Australasia.

The level of new contracts being won, however, is certainly being dominated by successes in the Middle East countries. Orders won here in 1975-76 totalled £566m., a 235% increase on the previous 12 months.

But contracts were also being won elsewhere. In Africa, for example, the value of new contracts rose substantially for the second year running, reaching £491m. against £255m. in the previous 12 months.

In Oceania, embracing Australia and New Zealand, U.K. companies picked up business worth \$99m. and in North America, the U.K.'s high South America contracts rose to \$70m. to the same level.

Only in Europe did the value of U.K. construction contracts fall — by £13m. to £151m., of which £87.5m. compared the EEC nations accounted for £467m. in the previous 12 months. The value of message, quite clearly, is that outstanding overseas European contractors have little to boast of in the period to a total of across the Channel.

The list of U.K. international contractors is a long one, during 1975-76 about 80 starting at the top with names like Costain, Laing, Taylor and Wimpey, Balfour Beatty, Cementation, Tarmac, Bovis, Sunley and

ing through an impressive rank of participants such as Wimpey announced that partnership Al Furtain Wimpey had won work in Dubai worth over £13.5m. One contract is for quarrying and supplying stone for use in the construction of the Jebel Ali harbour complex while the second is for road building.

Most, though not all, of these contractors have inevitably been turning much of their attention to the Middle East, sometimes in partnership. Good examples are the links forged between Costain and Taylor Woodrow to work on the dry dock project in Dubai and extensions to the Port Rashid complex while Laing and Wimpey have a joint venture in Saudi Arabia with a local group, Alireza, which has picked up some sizeable contracts involving airport work and the development of Jeddah.

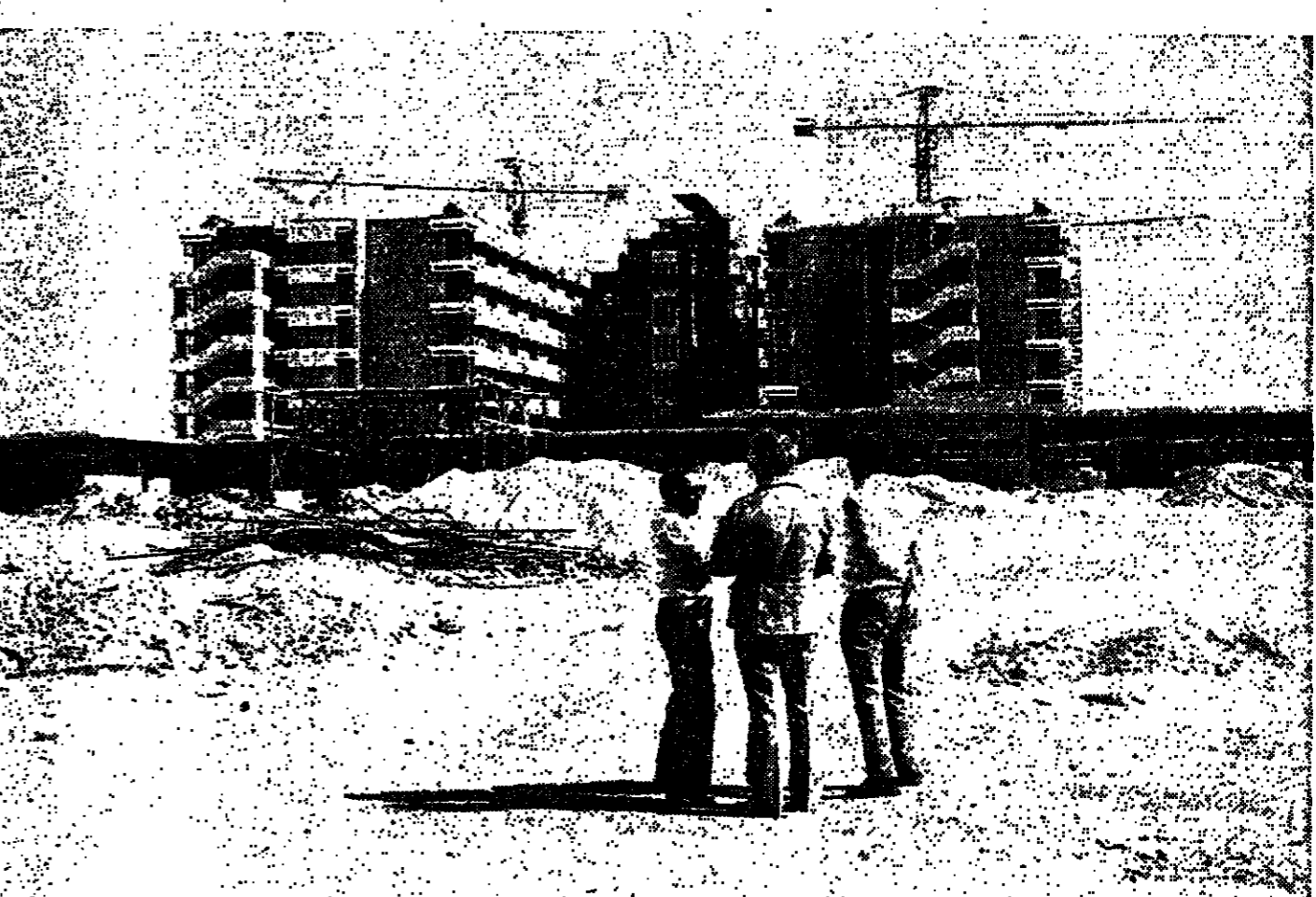
Advice

Taylor Woodrow, which is one of the best known contractors in the region, is working with the State Construction Contracting Company of Iraq to provide management and technical advice on the construction of a new £25m. phase of the University of Baghdad. The project is expected to take six years.

In another joint venture, Teamwork International, a Taylor Woodrow subsidiary, and Ali Zaid al-Quraishi, a Saudi trading group, have joined forces to compete for work in the area. The British construction companies are not, however, notorious for their readiness to join forces to win big contracts and, to be fair, their successes in the past have been achieved on their own merit. The fact remains, however, that in order to win the super-size contracts now being suggested, particularly in the Middle East, more joint ventures will be necessary or competitors from other nations will benefit.

Still in the Middle East, Sunley has well over £100m. worth of contracts in the Gulf on which it is working while Balfour Beatty Power Construction is providing overhead transmission lines for the Sharjah Electricity Department, United Arab Emirates.

Tarmac is heavily involved in Abu Dhabi and its joint venture operation involving German companies Trapp and Heitkamp has won another road building contract in the Yemen Arab Republic. Just a few days ago, Wimpey announced that partnership Al Furtain Wimpey had won work in Dubai worth over £13.5m. One contract is for quarrying and supplying stone for use in the construction of the Jebel Ali harbour complex while the second is for road building.



A new hospital in Qatar being built by Bernard Sunley and Sons.

Costain (West Africa) has picked up millions of pounds worth of business in Nigeria, ranging from work on water supply services to cement plants and Government buildings. The company is currently handling contracts worth over £20m.

Among the other household names operating in Nigeria are Taylor Woodrow, Tarmac, Haden International, Cubitts International and Wimpey. Wimpey is currently engaged in school and road building programmes and has ventured further afield to work on airfield contracts in Central Africa.

Still in Nigeria, BICC Construction, part of Balfour Beatty, has continued to win work from the National Electric Power Authority. Cubitts Nigeria has a £10m.-plus contract to build a teachers' training college and another contract worth over £9m. is for rebuilding Maiduguri airport. The work involves the provision of new airfield pavements, a new central runway and site preparation for new terminal buildings.

Further afield, Australia has

traditionally presented U.K. contractors with a buoyant market, many of them establishing subsidiary operations which are as much a part of the construction scene there as their parent companies are at home. British representation includes names like Costain, Taylor Woodrow, Balfour Beatty and Wimpey.

Costain is again well to the fore and, among other projects, is involved with the construction of a shopping centre near Melbourne, a telephone exchange in Sydney, and a computer centre in Canberra.

In New Zealand, Cubitts (New Zealand) is building offices in Auckland and Wellington, one of them valued at £2.6m. for the Norwich Union Life Insurance Society.

Latin America has not proved as easy a market for the U.K. organisations as many others, though they have not been with-

out their successes. Paulings accumulated their own knowledge and skills and in many cases, though not all, little imported know-how is required. It would be wrong, however, to discount the chances of success for contractors in such distant markets and many companies are looking towards Latin America as an area with growth potential which could provide a valuable market place once the Middle East boom recedes. Some countries like the U.S., West Germany and Holland will prove hardy competition.

But if the U.K. is to take a greater share of overseas work and there is a fairly widespread suspicion that far greater assistance is available to contractors in some other nations, not simply in direct financial terms but in the realms of business intelligence and education. A greater co-ordinated effort appears essential.

M.C.

29,000,000 US dollar Water Transmission Tunnel at Bangkok

yet another construction project insured by C.E. Heath

With Bangkok's city centre facing constantly increasing demands for water, and the only possible source lying outside the built-up area, the city's Metropolitan Water Works Authority decided that a transmission tunnel was the only solution.

The contract for this unusual project was awarded to the Nishimatsu Construction Co. of Japan assisted by its Thailand affiliate, Thai-Nippon Construction Co.

The tunnel, when completed in 32 months, will run for a distance of 10.2 kilometres at a depth of 75 ft.

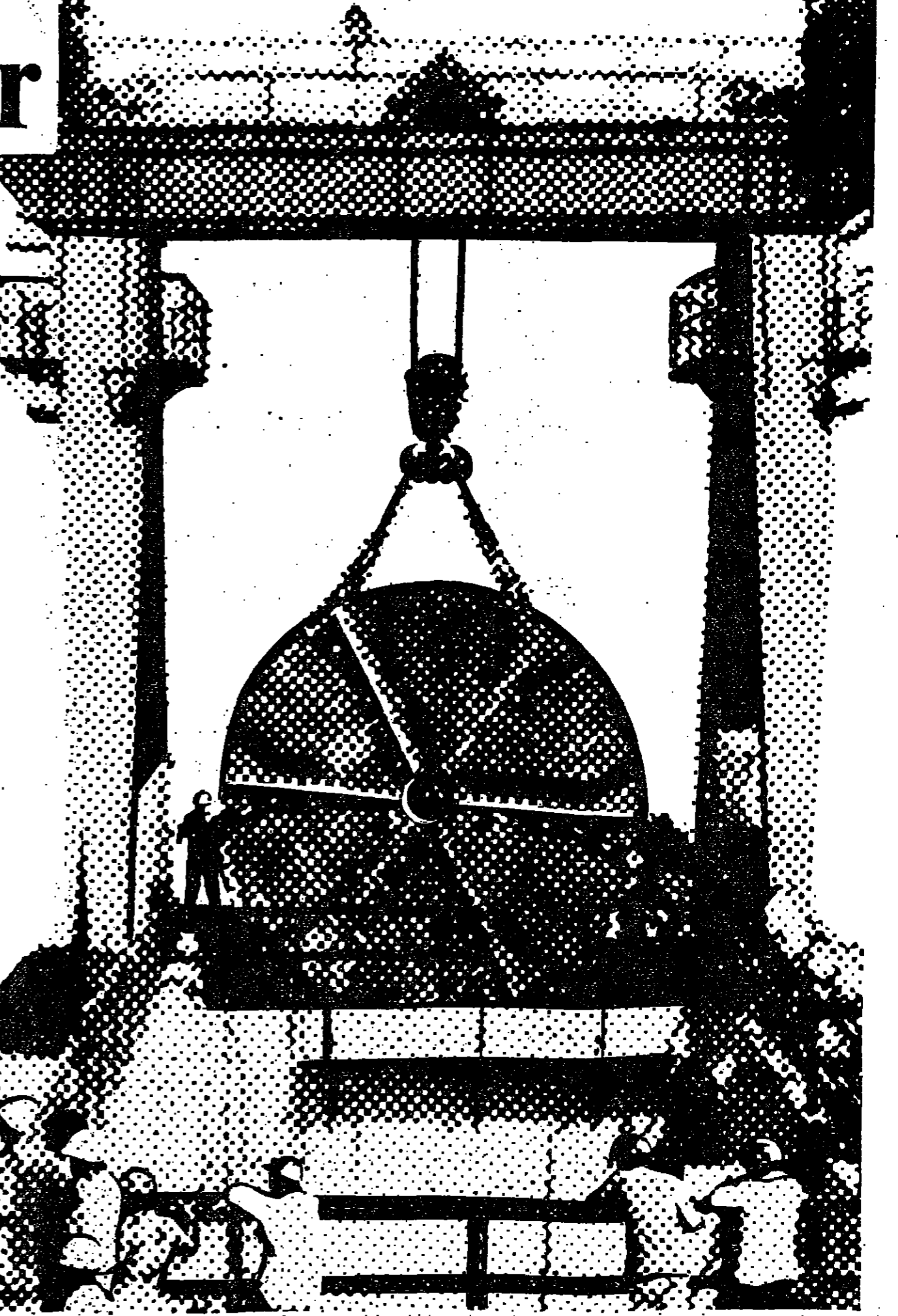
A "mechanical mole" capable of cutting through mud and rock combines the twin tasks of tunnelling and removing the excavated material. This is then passed back to one of the vertical shafts for dispersal.

Insurance for this project is being handled by Rollins Heath Japan KK who with Heath Langveldt Rollins Ltd. in Thailand have been appointed official brokers. C. E. Heath & Co. Ltd. is the managing partner in each of these companies.

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A section of the 'mechanical mole' or tunnelling shield used in tunnelling ready for lowering into one of the three working shafts. The shield has an external diameter of 4,560mm - internal diameter of 3,400mm. This machine, developed in the USA by MEACO, is built by Kawasaki Heavy Industries of Japan. Picture courtesy Nishimatsu Construction Co. and MacCall & Eddy, Consulting Engineers.

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Meeting fiscal needs

THE RAPID expansion in the past few years both in the involvement of British contractors overseas and in the size of orders being offered on the international market has created a number of new problems and opportunities in the provision of finance. And considerable discussion is under way at present in order to ensure that U.K. groups can win a sizeable share of new orders.

The extent of the financial support needed is indicated by the increase in the value of new contracts obtained by British companies from £511m. in 1970-71 to £1,430m. in 1975-76, of which £586m. was in the Middle East. The total value of work outstanding climbed over the same period from £390m. to £1,861m., of which £788m. was in the Middle East.

The facilities available include the use of a merchant or clearing bank which will arrange credit for an overseas customer, possibly involving direct term loans. A loan agreement may be tied up between a bank and the customer whereby the bank will pay the U.K. contractor and, in turn, debit the overseas client.

The big expansion in the amount of overseas work—rising sharply as a proportion of total orders—has also made contractors all too aware of the need to minimise risk. And the Export Credits Guarantee Department has considerably extended the range of its additional incentive, all exporters taking cost escalation.

The Department's essential role is to complement the normal market sources of the banking and insurance system by providing cover on a normal premium basis. But this has had to be adapted to meet the new conditions, as well as providing some limit to the public expenditure cost to the British Government.

Among the new ECGD buyer credits, the vast majority services offered over the last couple of years are a cost escalation scheme, cover on performance bonds as well as, recently, a switch away from sterling to foreign currency re-financing.

The acceleration of inflation

caused a number of problems for British contractors bidding for contracts where it was not possible to obtain proper escalation clauses. In an attempt to reduce the difficulties caused by inflation, including the effects of the fall in the value of sterling, the ECGD's cost escalation scheme was introduced in February 1975 for contracts lasting more than two years with an individual value of more than £2m.

Responsible

The contractor is responsible for the first 10 per cent of any increase in costs above the expected level with the Government covering 85 per cent of the next 10 per cent. For cash contracts, the figures are 90 per cent and 15 per cent, respectively. The schemes basically concerned raw materials, components and labour costs.

This scheme has proved highly controversial within the industry which has found it both expensive and complicated. Indeed up to the end of last year, only two capital goods contracts worth £62m. had been concluded within the scheme.

There is believed to have been pressure from the Treasury and the EEC authorities for this scheme to be dropped but it was announced in December that it would be extended for a year beyond its original expiry date this month. As an extended incentive, all exporters taking cost escalation favourable terms which until now have been applied to cash contracts only provided their contracts are financed in foreign currency.

The switch away from sterling to foreign currency financing has been made during the last year as part of the moves to cut public spending. Previously, the vast majority of contracts were denominated in sterling and were then re-financed in sterling by ECGD from public spending, which had been rising very sharply. If, however, these buyer credits are financed in a foreign

currency, the loans become the responsibility of the banks which raises the necessary money through the Euro-markets. Public expenditure is no longer required and interest rates subsidy is also lower.

But this creates certain problems since Euro-market borrowings are short-term—often six months or a roll-over basis—while several of the large-scale construction projects financed through buyer credits can run over a period of several years. But the ECGD has been granted new powers to extend loans direct to overseas buyers of British exports. This is only intended to be a contingency provision with the ECGD acting as a lender of last resort.

The details of the switchover are that ECGD guaranteed sterling finance will no longer be available for contracts requiring support for non-U.K. elements. One problem is that this is likely to be resisted by foreign buyers who are aware of the advantages of a sterling financed deal since it costs them less in terms of their own currency over the long term. As an incentive, the ECGD intends to make foreign currency financing more attractive than sterling deals.

But the main difficulties have been posed by the size of some of the individual contracts. The Board, Mr. Reg Fréson, the average size of new orders has

grown faster than inflation, mainly reflecting the involvement in the Middle East. For example, among the contracts currently planned are hospitals and hotels worth at least £300m. and with many individual orders worth more than £20m.

Contracts

This has meant that the bulk of the work is being carried out by the half-dozen or so major groups with the financial strength required to undertake schemes worth tens of millions of pounds. The smaller or medium-sized groups are mainly involved as sub-contractors. But some of the projects are large even for the resources of some of the biggest companies and a series of inquiries have been launched involving Government, the City and the construction industry into the problems posed by these "jumbo" projects. Proposals for a broader-based insurance scheme to provide better cover and the creation of single contracting companies have been considered by Sir Henry Benson, adviser to the Governor of the Bank of England.

An area of particular difficulty has been bonding. In a recent discussion on the first year's work of the construction industry's Export Advisory Board, Mr. Reg Fréson, the Minister of Housing and Con-

struction, commented that "a shortage of facilities for bonding and protection against contingent facilities is thought to be a major obstacle facing major construction exporters."

This problem has arisen because a number of countries, especially in the Middle East, have been seeking performance bonds—often up to around 10 per cent of the total value of the contract—and these can be liable for payment on demand, and effectively on the whim of the client. These bonds are in effect unconditional guarantees and have been resisted as far as possible. The ECGD has been providing cover on the bonds but this has still left serious problems.

This is because the bonds required with very large projects are in turn very big for almost any company, however large it may be in U.K. terms, and hence the bonds are difficult to arrange. This subject is very much under discussion at present within the industry and a public statement is likely to be made soon on the proposals—in particular the suggestion of a City based insurance scheme involving the creation of surety and insurance pools to provide better risk cover, with ECGD re-insuring high risks.

Peter Riddell
Economics Correspondent



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Insurance

CONTINUED FROM PREVIOUS PAGE

As yet there has not been time for reactions to the proposals either from the Government, the banks or the insurance industry. But something on these lines must be done to ensure that the risks undertaken by contractors joining overseas are minimised.

Brokers

The insurance package must also provide adequate cover for liabilities that can arise when more than one organisation is involved in the project. The solvency or even the failure of a sub-contractor or a partner in a consortium or joint venture could have a domino effect on the others. This happens in the U.K. but overseas the consequences can be wholly disproportionate to the defaulter's share of the contract. Not only are there increased costs resulting from delay but there are the costs too of replacing the defaulter and redesigning

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ORGANISING manpower for by the problems of the British economy in the past few years. With construction struggling ability to training. Local customs and regulations imposed by State authorities are another important consideration which can have a bearing upon work practices and eventual productivity.

Indigenous labour supply will obviously vary from country to country. Thus Saudi Arabia, with a native population of little more than 4m., estimates that in order to fulfil its current five-year development plan it will have to recruit up to 800,000 migrant workers—and around half the total will be for construction projects alone.

Building, as a labour-intensive activity, has produced a consequent demand for manpower and the growth of an international migrant workforce prepared to travel thousands of miles for employment. Small armies of skilled and unskilled building workers have been drafted into the oil States from other less prosperous Arab nations, from Asia and the Far East.

A major consideration for camp supervisors, whose concern is with the morale of the workers, is the catering facilities. Full board is often part of the labour contract and contractors must ensure that the workers can be provided with the sort of diet to which they are accustomed. The manager may choose to have his own chefs and canteen services or outside contractors now make use in this sort of work.

However, it is from Europe, and particularly the U.K., that the contractors draw their professional staff of architects, quantity surveyors, civil engineers and the rest. Informed estimates—no reliable statistics are available—suggest that more than 10,000 highly qualified construction workers have left Britain over the past 12 months or so for the Middle East.

South Korea is also emerging as an important source of labour and it is estimated that nearly a quarter of a million could be working in the Middle East by the end of the present decade.

The reasons for the exodus are not hard to find in an industry which has been hit hard by recession, has yet to feel anything like the full effects of the upturn.

Libya, by contrast with many of her neighbours, has tended not to look beyond the Arab States for its labour requirements, and the vast majority of the country's migrant manpower has come from Egypt, Syria, the Sudan and Tunisia.

Last year promised to be the year when the domestic construction industry finally improved, but in the event the improvement was fitful and in some areas of the country nonexistent. Unemployment remains very high in the building trades in the North East and the Midwest and unusually high even in the so called sun belt States in the South and West which have seen most of the growth.

British contractors report that in recognition of the growing numbers of migrant workers, national Governments are tightening regulations controlling their use, payment, and employment rights.

THE U.S. ECONOMY may already have begun to recover strongly but the construction industry, hardest hit by the recession, has yet to feel anything like the full effects of the upturn.

Provision of accommodation also requires considerable advance planning because labour camps equivalent to small townships may have to be set up for the major projects. U.K. suppliers of pre-constructed units which merely have to be assembled on site have identified the construction projects as important markets. The units tend to be rather sophisticated buildings—contrasting sharply with the slum town image that used to attach to contractors' labour camps. In addition to sleeping accommodation a whole range of leisure and other facilities must be provided.

U.S. contractors busy abroad

U.S. contractors seeking work overseas are not usually one of ensuring adequate professional coverage but of making sure the right manual labour is in the right place at the right time—and for a major project such as a new chemical plant or township, this can be a daunting operation. The process normally begins with an investigation of the local labour market to ascertain the nature, these projects stake a fair time to get off the drawing board.

Improvement

The last week has seen a modest improvement in the weather and with it a return to work in the construction industry. In due course most analysts still expect it to pick up noticeably, since sales of second-hand houses are now extremely brisk and there is a widespread feeling that the pent-up demand that this must indicate will sooner or later encourage builders to build more homes.

Far-sited

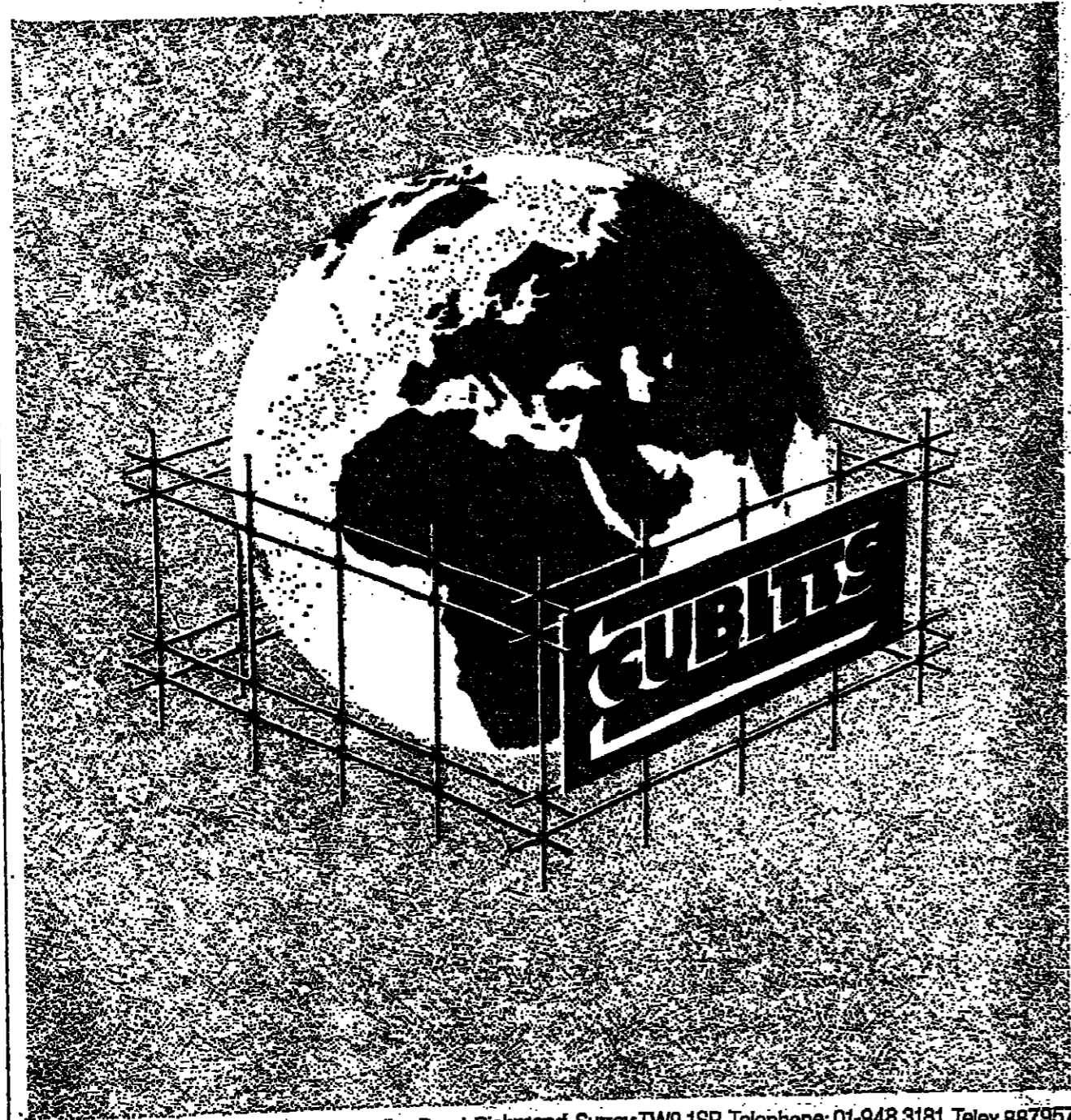
Cubitt activities overseas are far-ranging and far-reaching with building and civil engineering contracts in many parts of the world. With local companies established in West Africa, the Middle East and as far afield as New Zealand, Cubitts have been responsible for the construction of such major projects as hydro-electric and power station schemes, prestige hotels, factories, offices, banks, hospitals, highways, airport facilities, colleges, houses and entire townships.

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J.P. [Signature]

Prominent role for the professional men U.S. contractors

CONTINUED FROM PREVIOUS PAGE

WHEN THE regular monthly earnings overseas are rolled out, the emphasis is normally placed on the contribution made by services such as banking, insurance and shipping and only rarely is mention made of the part played by those professionals connected with construction.

The observer could, in fact, readily forgive for imagining that the role of the construction industry consultant is usually the case. British consulting engineers, for example, were last year handling work valued at a staggering £25bn. The fees generated by U.K. consultancy services at large from their overseas clients reached an estimated £250m, a sum which is likely to reach comfortable £300m this year.

Consultants from the U.K. are operating in virtually every corner of the globe, offering advice, guidance and management services on projects such as sports stadiums in the Gulf, power stations in Mexico and motorways in Bangkok. Their reputation for the region around the world is excellent and, at the risk of becoming complacent, they derive substantial satisfaction from knowing that their counterparts in Japan, Germany, France and elsewhere often look upon their success with envy.

Britain has developed a range of consultancy services, embracing single-specialist and multi-disciplinary organisations, which are in the business of selling brains and exporting technology and expertise. The U.K. is not, of course, alone and there are many American organisations, for example, which would claim to offer a comparable range of skills. Nevertheless, the British consultant is traditionally regarded as being highly qualified, working to the very best standards, reliable and impartial. The architect, town planner, surveyor, management and economic consultants and mining and geological consultants are

joined by specialists providing skills in fields like the design and construction of naval installations, exhibition complexes, airports and golf courses and together they combine to form an impressive national force.

Nowhere has their status been so clearly appreciated as in the Middle East, where the client is besieged by advice and, in the absence of any personal experience and skills, must be confident that his guidance is good. The British consultant, whether engineer, architect or surveyor, is relied upon to provide the best recommendation for his client, which is not necessarily the best for him or for the U.K. His impartiality has, however, become the keynote of his success and has and is generating large volumes of business.

Haziest

Life is not all rosy, however, and the consultant can find himself working hard for his money. As Geoffrey Salmon, senior architect partner in a London firm of consultants said at a recent conference: "In certain areas of the Middle East, there is only the haziest idea of the differences in expertise between the architect, engineer and quantity surveyor. The Arabs have only one word to describe the skill of the building designer, which translated means engineer and so even if he wished, the architect for example cannot really maintain a separate professional attitude or approach to building design."

He is also working in a very different environment to that of Britain. Ninety-nine per cent of that environment consists of sand or dust and 90 per cent of his building materials are of the same material. He is in a country where the sights, sounds and convictions of the past several millennia are face to face every day with a 20th-century building race which makes the pace of English building look like an egg and spoon race. He can either shut off and pre-

tend that he really is in Welwyn Garden City or he can face up to the most exciting challenge that his professional life will ever offer him."

In a region like the Middle East, sheer speed of events can cause major problems. Under normal circumstances, once an outline agreement has been reached with a client, members of the design team will get on with the job of conducting feasibility studies and a thorough examination of all aspects of the project. In the Middle East, however, the time scale is often so compressed that elevational sketches and estimates are sometimes all that is practical before the rush to get on with tender documents is underway. In these circumstances, there is a good case for the consultant to impress upon potential clients the value of adequate early thinking about any project.

There are, of course, many other problems confronting the consultant overseas, such as variations in planning and building regulations, documentation, tendering procedures and the thorny old question of fees.

In some parts of the world, the U.K. consultant may well find himself up against foreign competition which is sometimes subsidised by Government and he can soon see that he is comparatively exposed. Clients are told that the consultant will look after their interests to the best of their ability but then they are informed that the fee will be based on a percentage of the cost of works, thereby unintentionally giving rise to all sorts of suspicions in the clients' minds. The subject of tender prices is delicate enough—witness current events concerning the Saudis and allegations of inflated tenders intended to defraud—and the percentage fee arrangement can raise a few more eyebrows.

The fact is that, particularly in the Arab world, the client likes to drive a good bargain and consultants must not be offended if an attempt is made

to negotiate. This is in direct contrast to normal practice in the U.K. but in the absence of a mandatory fee scale, bargaining can become the order of the day and if the consultant is not prepared to do this, he can be sure that someone else will.

There is another area which gives rise to some concern and which could materially affect potential success. Some people believe that the consulting engineers' major weakness lies in the level of responsibility which they are willing to accept on projects, a vital consideration for the client. Their current conditions of employment assess the extent of that risk as no more than the total of fees paid and, in the event of a catastrophe, a wrangling match over responsibility inevitably begins. The chances of extending ECGD arrangements—formed to cover items such as materials and supplies—to embrace consultancy services, are now being examined.

As far as the general U.K. effort to promote its consultancy services is concerned, the situation is much the same as it is across the entire building and civil engineering sector. There is a feeling that more centralised control is required to maximise overseas business opportunities and much of this work is now being done by the British Consultants' Bureau.

Purpose

The Bureau was established in 1965 as a non-profit-making multi-professional body with the sole purpose of promoting U.K. consultancy services abroad. Its founder members were all engineers and its original sponsors were the Association of Consulting Engineers, the Export Group for the Constructional Industries and the Board of Trade.

The Bureau's membership comprises 200 of the largest, most prestigious consulting firms in the country. It is not a job-getting agency but exists to provide support and advice for consultants working abroad. As part of the general strategy that has now been laid down by the Government's Construction Ex-

ports Advisory Board, the BCB is now adopting the mantle of focal point for the consultancy side of the building and civil engineering overseas effort, although it is anxious to point out that it will not be attacking the sovereignty of those bodies representing individual sections of the consultancy profession.

Mr. Derek Rose, director designate of the Bureau, believes that the consultants need a stronger voice and must attempt to become less fragmented. The skills and experiences accumulated should, he believes, be better harnessed to allow them to compete more successfully for foreign business. The Bureau was originally and principally involved in supporting trade fairs, symposia and seminars, organising missions and offering general assistance for consultants. Although these functions will be continued, the Bureau has now evolved a new strategy aimed at establishing it as the central representative of the consultancy professions. In order to effectively channel the collective expertise of its members, it has established a series of sector and regional working groups designed to stimulate awareness of overseas opportunities and to widen contacts and understanding between members and Government departments. Among the sectors covered will be oil, agriculture, minerals and transportation and the initial regions to be covered are Latin America, Tropical Africa, West Africa and the Middle East.

In addition, the Bureau has established a specialised finance working group which will keep under review such vital areas as taxation, contractual financial requirements, insurance and sources of finance for overseas consultancy work. "Our plan is to enable members to group together and attack outwards. The efforts made abroad by U.K. consultants to date have been extremely encouraging but we believe that, given proper organisation, far more can be achieved," adds Mr. Rose.

Although U.S. companies have been well pleased with this seven-fold increase in Middle East business in the past two years, they are under no illusion about the increasingly tough competition that they face from French, Italian, German, British and Japanese contractors and also from Pakistani and other Third World companies now breaking into the Middle East market.

The strongest card that the Americans have so far held both in the Middle East and elsewhere is that they have close ties, particularly in energy-related fields, with the companies that design such installations as refineries, natural gas processing plants and the like. This enables them to be in at the start in the bidding for contracts and to offer an attractive range of expertise.

Industrial

Among the very largest U.S. contractors the amounts involved are enormous. Fluor Corp., for instance, which has over 80 per cent of its business overseas, won a \$4bn. contract in Saudi Arabia late in 1976 to build a natural gas plant. Bechtel is managing the construction of a \$9bn. petrochemical city in the same country and last August Ralph Parsons won the preliminary contract for a \$982 industrial city, also in Saudi Arabia, which seems likely to lead to the award of the full contract later to the same group.

Fluor, like Bechtel, keeps a very low profile but it did recently tell an interviewer that its travel bill alone in 1976 amounted to some \$7m. and it has recently ordered a second executive jet aircraft.

But for all the glamour that attaches to Middle East contracts the companies still report that they have two major pre-occupations. First of these is the continuing problem of doing business in the Middle East. Shortage of labour, delays in the delivery of materials, congested ports and endless bureaucratic problems all conspire to make building in the Middle East more difficult than in most other parts of the world. At home the change in the Administration has intensified fears among major contractors

about the Arab boycott legislation now before Congress—with the only effect that it will have will be to open the door to more competition for American companies with consequent loss of export income and thousands of jobs. In recent testimony the Associated General Contractors of America estimated that as many as 800,000 jobs that currently depend to some extent on business done in the Middle East might be at risk because of the proposed anti-boycott legislation.

This figure may be something of an exaggeration but the industry has been lobbying hard against the new legislation. As its chief spokesman told the Senate Committee hearing testimony on the case: "We oppose anti-boycott legislation because we feel that it would have a seriously detrimental effect on the future role of the American businessman in the vast and rapidly developing Middle East market. This in turn would adversely affect the whole American economy."

Projects

But if the Middle East has been attracting most of the attention, U.S. companies have been very busy in other parts of the world too. The Engineering News Record, which each April publishes the definitive list of major projects under way, reported last year that the top contractors were at work in 103 countries, including the Soviet Union and several countries in Eastern Europe. Fluor is currently about to begin work on a natural gas plant in Western Siberia in conjunction with two Japanese companies. Africa is also still a major market, although less so than in the earlier part of this decade. Last year 95 per cent of the companies surveyed by Engineering News Record reported that they made a profit on their overseas operations and well over half said that 1976 had been a better year in balance sheet terms than 1974. Analysts say that this partly reflects the

fact that companies are now much more experienced in the areas where they operate and can better build into their initial estimates the effect of inflation and general delay.

The profitability of these contracts is one of the reasons why companies are loth to lose them despite the headaches they cause. The news this week that if the Administration does approve anti-boycott legislation it will include a "grace period" will go some way to easing fears about a sudden loss of this business but it is too early to say what the longer term impact of the legislation will be until the Administration's thinking has been examined in greater detail.

Uncertainty

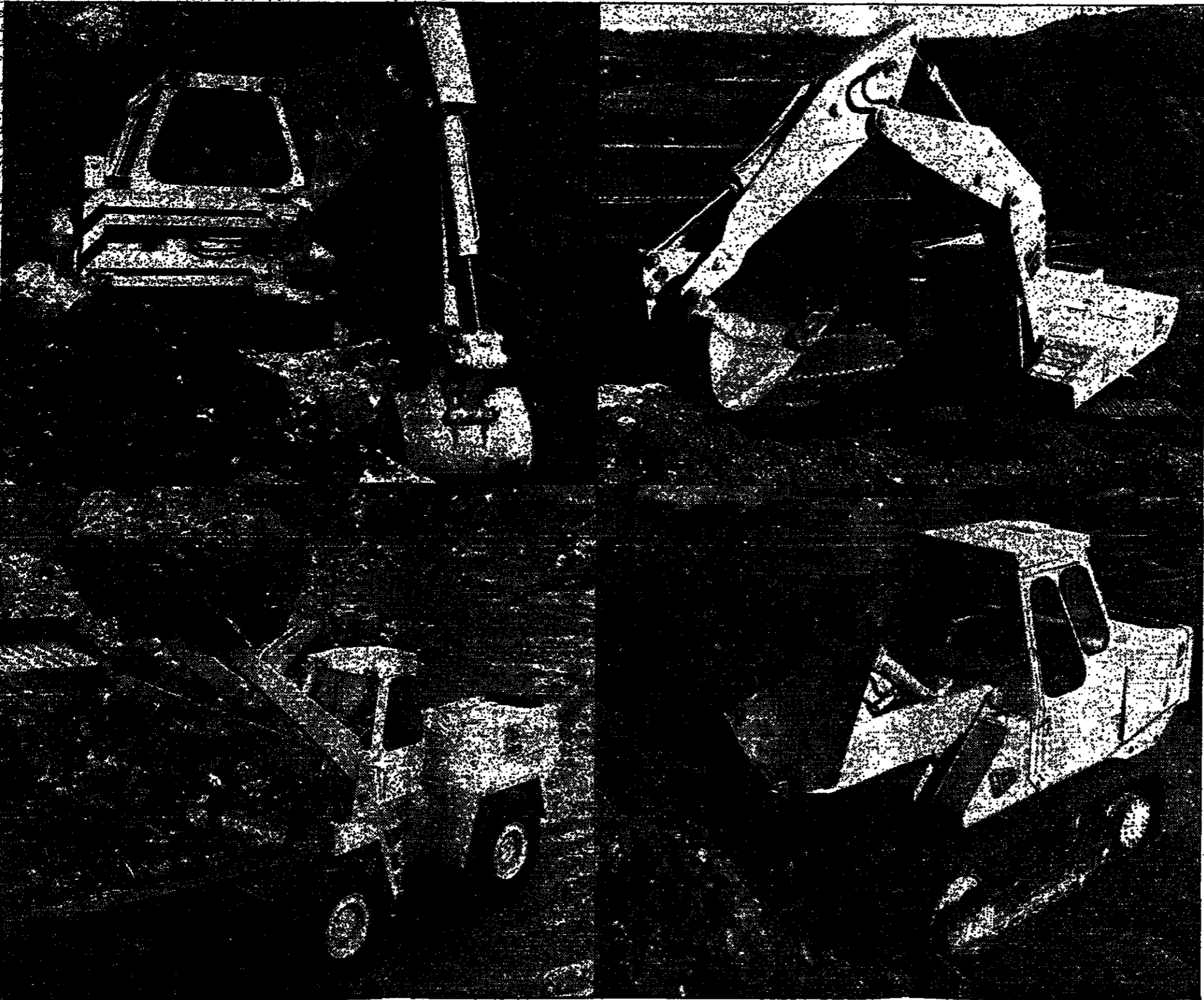
Worries about the boycott aside, the major clouds on the domestic horizon are what they were last year. There is uncertainty about the level of wage settlements in the industry and the effect that this might have on building costs. The new Administration will probably approve the Bill vetoed last year by President Ford which would allow unions to picket an entire building site even if their grievance is only with one union.

This Bill has been a bone of contention between business management and labour in the industry for some time, and if it is passed this will remove one source of friction in an industry noted for somewhat abrasive labour relations. However, if the new Democratic team emulates its predecessors and pushes for greater employment of minorities in the skilled building trades this might simply replace one source of friction with another and it could turn out not to be too peaceful a year on construction sites.

Nevertheless the omens are better than they might have been even if the promise of last year did not really materialise at home. This is enough to make any forecast for this year highly tentative but most analysts do expect the industry to have more work at home and, the Arab boycott excluded, they do not see any major obstacles in the way of increasing business abroad.

David Bell

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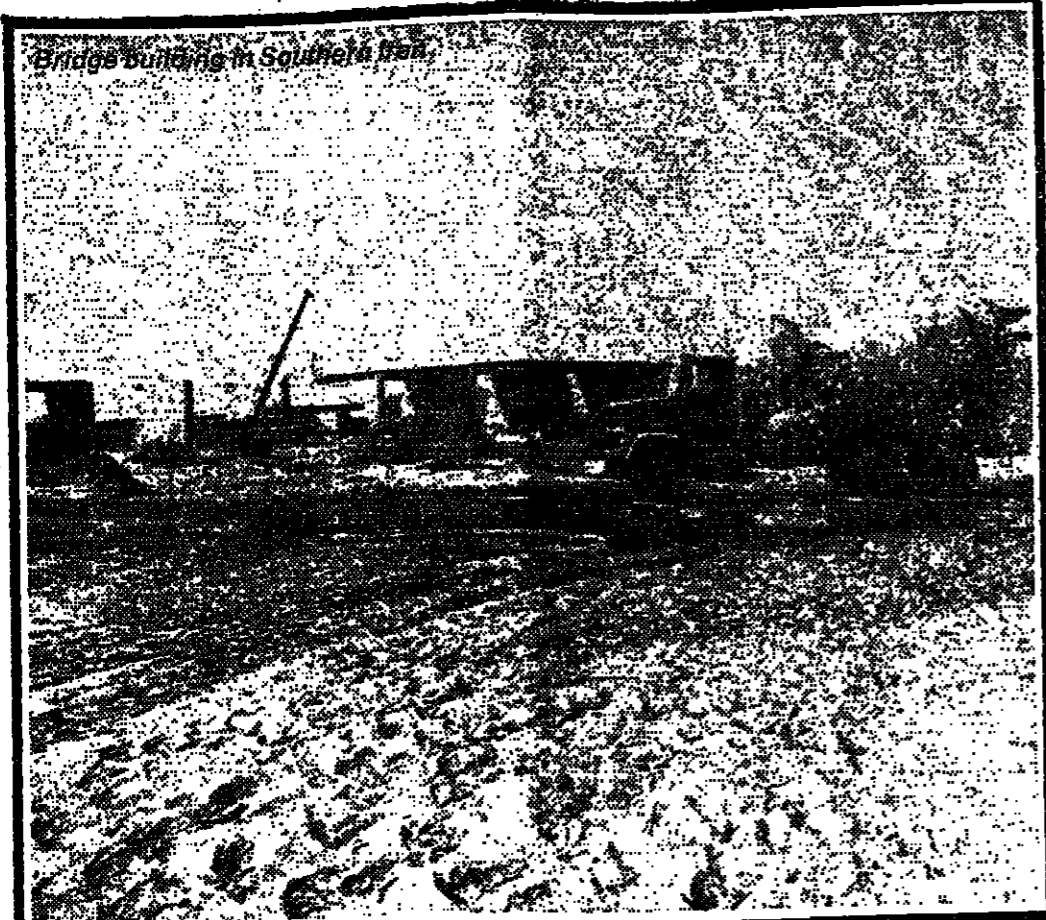
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The mighty market of the Middle East



"THEY USED to say that if you sat at a table in a cafe on the Champs Elysées someone you knew would eventually walk past. Now the same can be said of the foyer of any hotel in the Gulf—and you don't have to wait very long either"; these comments of the managing director of a British-based international civil engineering group may be a trifle exaggerated but they are by no means entirely fanciful and certainly help to indicate the scale of the recent mass-migration of builders, civil engineers and associated professions to the Middle East in search of business.

The migration is not something which has just begun or which involves participants from only one or two geographical locations. Some of those involved have been looking for, and winning, work in the Middle East for many years, well before the true potential of the oil rich states was ever appreciated.

But following the large and medium-sized contractors who have experience and success behind them, comes a growing number of comparatively modest turnovers in the U.K. but handsome construction world-to-day, the question "Are you overseas?" invariably means "Are you in the Middle East?" In an increasing number of cases, the answer is positive.

Diverse

The Middle East markets for construction are themselves as diverse as those in Britain and Brazil, they can be extremely tough—both commercially and physically—and are intensely competitive. Forecasts that the boom cannot possibly last and that most organisations will end up with badly burned fingers are occasionally given some credence when client nations are forced to scale down over-ambitious public expenditure programmes or start talking in terms of barter deals. But, despite the setbacks, the consensus is that the markets will remain strong for at least the next ten years and, hopefully, for twice that long.

The appeal of the Middle East would, in normal times, have been hard to resist for any organisation looking for expansion, but with many domestic markets throughout the world continuing to struggle through prolonged recessions, the need for growing numbers of companies to go further afield has increased significantly and can now mean all the difference between commercial life and death.

As a result the world's largest and longest-established, the world's most skilled and the world's most experienced, together with some of the opportunists and the bad businessmen/are all concentrating their attentions on a corner of the world which can offer a thriving, expanding and, hopefully, lucrative market place.

That is not the scenario for a light-hearted sortie or a cursory whistle-stop tour in the hope of easy business. Exporting is not, as some misguided but no doubt good intentioned observer remarked, always fun. In the Middle East it is rarely so.

The problems, however, have not been frightening enough to prevent what seems like every civil engineer and his dog from trying to grab a proportion of the action. While it is difficult to assemble accurate statistics, it is clear that the American companies, such as Fluor, the Bechtel Corporation, Brown and Root and Kaiser International, are the major presence in the region.

Bechtel of San Francisco, for example, is a giant among giants. The company is now, as management contractor, evaluating bids from more than two dozen companies—some British—wishing to stake a share in a \$22m construction programme in Riyadh Saudi Arabia. The programme forms the capital group's turnover comes from construction end of a \$40m.

At the other end of the scale, with the U.K.'s Pritchard & Sons Group who, in a joint venture with Waste Management of Chicago, will be responsible for five years for the city's public cleansing services, out. Behind the U.S. come a long list of other U.K. firms like West Germany and the U.K. British experience Trade and Exhibition Centre, overseas in civil engineering and the associated professions additions to the complex, are long and broad and their value at \$5m, and millions of strong position in the Middle East reflects, as in the case of currently being undertaken in the Americans, their standing in Abu Dhabi and Dubai.

The international markets generally, company says that no less than Government figures showing 80 per cent of its turnover now the extent of overseas involvement comes from the Gulf but it is now a year out of date but come quickly or without con- they nevertheless indicate the considerable initial expense trends. These show that, in the

Costain now has extensive contract work in progress in Oman, Dubai and Abu Dhabi and 20 per cent of group turnover comes from the region. Costain is working on the massive Dabab dry dock complex with Taylor Woodrow—a type of arrangement which contractors will have to repeat in order to win some of the contracts in the pipeline—and the total value of the project is now put at \$162m.

Costain is also working with Taylor Woodrow on a \$120m contract to extend the Port Rashid development in Dubai. Without any outside help, Costain is also building a \$27m cement works and a \$10m building for the UAE currency board.

Costain is in Oman, through a partnership entitled 'Yahya Costain and current work includes the building of a headquarters for the Royal Guard, police stadium and hospital in Abu Dhabi. Costain has a \$10m contract, again for the UAE currency board, while it also has a \$20m contract for the provision of accommodation on Das Island for staff of Abu Dhabi Marine Areas, the national oil company.

Taylor Woodrow's experience in the Middle East is also very extensive and spans more than 25 years, working from Libya in the west to Afghanistan in the east, in Dubai, Iran, Jordan, Iraq, Oman, Saudi and the Lebanon. Taylor Woodrow has actively pursued a local-partnership policy in order to achieve a workable blend of experience, expertise, and resources and local knowledge. As an example, Teamwork Saudi Arabia was formed last year in partnership with local company Al Zaid Al Quraishi and now, sev-

eral management and construction projects are in hand. Taylor Woodrow is also heavily committed in Oman. In Bahrain, the company has just won a \$20m contract for a Hilton hotel.

Two more international names in the joint venture business are Laing and Wimpey. In Saudi, Laing Wimpey Alireza has a \$20m management contract involving the Jeddah commercial centre, while the company also has a \$20m contract involving work on Abha Airport. Laing also has joint venture work in Iran.

In another mammoth contract Marples Ridgway is at work on a \$40m road project in Iran, the first major road contract won in Iran by a U.K. contractor.

The British operators do not, of course, have the Middle East market to themselves, with already losing out because of their comparative slowness in adjusting to new market conditions—a charge which many of the large civil engineering organisations would undoubtedly repudiate.

The British contractors certainly have some major advantages, borne largely out of long and stable associations with many of the countries in the region. But as the U.K. before found out to its cost, good reputation is not enough to guarantee continuing success, especially when most of the world's best are intent on increasing their share of the world's few thriving construction markets.

Amongst the biggest names, Costain now has extensive contract work in progress in Oman, Dubai and Abu Dhabi and 20 per cent of group turnover comes from the region. Costain is working on the massive Dabab dry dock complex with Taylor Woodrow—a type of arrangement which contractors will have to repeat in order to win some of the contracts in the pipeline—and the total value of the project is now put at \$162m.

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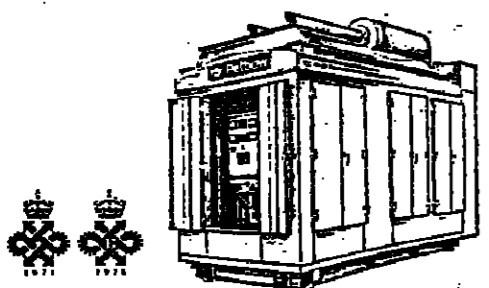
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OVERSEAS CONSTRUCTION X

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To-day, unfortunately from the point of view of architectural design if not from that of economic sense, these regional variations are fast disappearing as the so often dead hand of modern architecture combines with the economies of scale of modern material production methods to produce a bland uniformity.

But the same factors that produced the variety which can still be found—the prohibitive transport costs involved in shifting large quantities of stone or bricks any considerable distance—still apply to a considerable extent when it comes to the sale of building materials overseas.

Direct exports of building materials have, in fact, been doing very well recently. In the first nine months of 1976, they rose by 20 per cent. in volume terms compared with a year before, while by value they amounted to \$450m. during that period. But the basic message for building material producers wanting to sell abroad has long been the same—to sell overseas you have to make overseas.

Just how successful the major producers have been at this is well shown in the proportion of their turnover—and profits—which comes from abroad. To take some of the biggest names in the industry, Armitage Shanks derives some 33 per cent. of its turnover from overseas. Associated Portland Cement 55 per cent., British Plasterboard Industries 34 per cent., Marley 40 per cent., Pilkington Brothers 48 per cent., Ready Mixed Concrete 48 per cent., Redland 48 per cent., Rugby Portland Cement 24 per cent., and Tarmac 22 per cent. And much the larger part of these figures is accounted for by manufacture overseas (in Pilkington's case it is, to a considerable extent, manufacture by licensees) rather than by direct exports.

Changing

The areas in which the British materials and building components producers have tended to concentrate in the past are the old Commonwealth countries and Continental Europe: physical nearness to and political ties with this country have been the factors at work. There is clearly much to be tapped, especially in the Middle East, though the emphasis is slowly changing as the balance of world economic power and development potential has changed.

Thus London Brick, dominant in the U.K. but until recently with virtually no overseas involvement, is presently involved in helping to build—and eventually to operate—a brickworks in Iran, breaking through what had amounted to a total ban on foreign companies participating in brick manufacture there.

Like so many overseas operations by British building material makers, the Iran project is a joint venture in which London Brick holds a 20 per cent. stake, is doing the design work and is supplying all the specialised plant and machinery.

The \$3.5m. scheme is actually under the aegis of an Iranian public joint stock company, Tehran London Brick, formed with an initial capital of £1.4m. and backed by a £2.1m. long-term loan from an Iranian state bank.

It followed a considerable period of investigation by the company, which wanted overseas investment but had a prospect virtually impossible to export on any scale. London Brick has been selling bricks abroad—France, West Germany and even Qatar have been among its customers. But that Middle East order was for luxury facing bricks. When it comes to cheap Fletton bricks, transport costs rule out any such deals. (In one case, London Brick's last annual report reveals, where a price was given for delivery to the Riyadh in Saudi Arabia the charge for transport worked out at 41p a brick, 23 times the ex-works price of the bricks themselves.)

So in 1974 the company started to think about setting up an operation abroad and, specifically, in the Middle East, where bricks have for many centuries formed the basic building material.

Iran already had a flourishing brick industry—over 12m. bricks a day are currently delivered into Tehran, whose population is only 4.5m. But most of these bricks are moulded by hand and dried in the sun before being burnt in primitive kilns. The scope for creating a modern industry was clearly enormous—if an Iranian Government, already encouraging its indigenous industry to modernise, would give the go-ahead.

That consent took the best part of 12 months to secure, and the first bricks should be turned out this year. The initial capacity of the plant—whose other shareholders are the Iranian Industrial Credit Bank (20 per cent.), the Tehran Guild of Brickmakers (31 per cent.) and the Iranian public (29 per cent.)—is to be 500,000 bricks a day with an eventual target of double that.

Already, the company's initiative is beginning to pay off in the shape of inquiries for further plants in Iran. Elsewhere, London Brick is also involved overseas through its London Brick Buildings subsidiary (formerly Banbury Buildings Holdings) acquired in 1974. Active in the pre-fabricated building field, this has both increased its direct exports substantially—in 1975, these were worth four times as much as during London Brick's first nine months of operation of the company—and has set up a joint venture operation in Abu Dhabi to erect a plant which will produce buildings using the Banbury system of post and panel construction. Other joint ventures are under consideration.

Bricks is one basic building material where overseas activity by U.K. companies has, at least until recently, been slight. But the same is far from true for what are perhaps the other most basic of materials, cement and concrete.

World consumption of cement has been growing very rapidly indeed. In the 20 years to 1973, it rose fourfold to reach nearly 700m. tons a year, and since then, though the recession in the industrialised world has hit demand in Europe and the Americas, growth elsewhere has meant that overall consumption has continued to go up.

Exports and imports play a large role: in 1973 the U.S. for example imported over 6m. tons, a sixth of the world cement trade, though, again, the recession has meant that nowadays the biggest markets are in North and West Africa, Iran, and the Gulf.

But, although there is a thriving world trade in cement, it is a bulky and expensive cargo to send by sea and can give rise to a whole host of problems once it arrives at its destination, as recent events at the port of Lagos have so clearly demonstrated. So it is not surprising that overseas manufacture has long been of major importance to the cement business.

Control

Thus Switzerland, France and Belgium, as well as the U.K. cement manufacturers—and, most notably, Associated Portland—are all extremely active in other parts of the world. Between them, they control almost the entire Canadian cement industry and have interests in Brazil, South Africa, West Africa and the West Indies.

Quite apart from these direct interests, the European industry, again with APCM well to the fore, has also been active in selling expertise to developing countries hoping either to establish cement works or to expand considerably any cement industry they may already have.

Associated Portland's overseas activities span a large part of the globe—Australia, New Zealand, Malaysia, Singapore, Mexico, Brazil, Canada, Nigeria, Kenya, Rhodesia, South Africa and Spain, all house subsidiary or associated companies of the group. In addition, its consultancy service is involved in many other areas, including the Middle East where, in association with Cementia, it recently won a five-year contract to manage the newly-built 250,000 tons a year cement factory in Sharjah, in Morocco.

The company is advising in the establishment of a 1m. tons a year cement works, while in Togo it is providing the engineering services for a cement project sponsored by the governments of Togo, the Ivory Coast and Ghana to provide an integrated industry for the three countries.

If the cement industry percentages formed the basic epitomises the advantages

to be gained from overseas with manufacture abroad, with manufacturing operations, often wholly or partly-owned businesses in West Germany, Italy, Austria, the Benelux states, Spain, Sweden, South Africa and New Zealand. In Australasia, South Africa and the U.S. Most recently, it has set up a joint venture, Readymix (Saudi), in which it has a 40 per cent. stake, to manufacture ready-mixed concrete in Saudi Arabia.

Then there is Marley, best known for its roofing tiles and flooring products, with subsidiaries in West Germany, France, Austria, Canada, Ireland, South Africa and New Zealand. In a different sphere, British Plasterboard Industries has subsidiary associates in Canada, Ireland and France (where it has increased its interest in Placo-platre, the leading French

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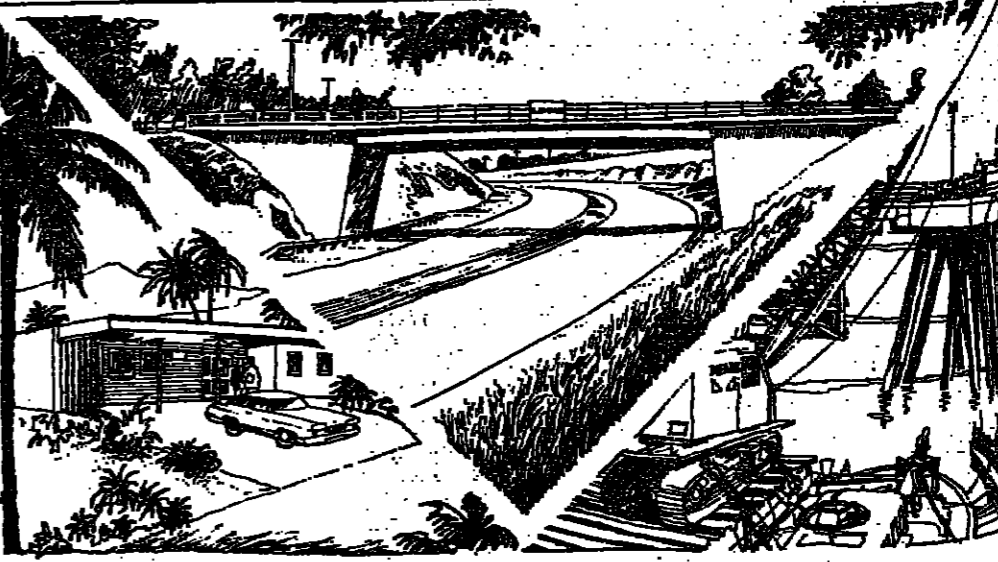
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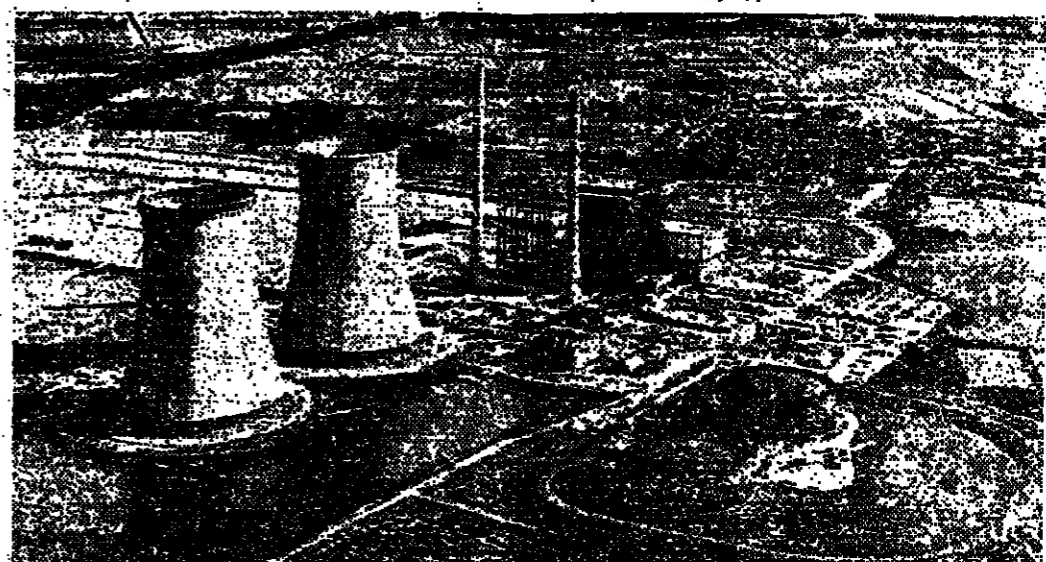
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Joint ventures as a way to win contracts



The Sterin Group are responsible for the construction of this cooling tower at the Claus power station in Holland.

ACTUALLY HOW to break into overseas construction markets is the question on the minds of contractors around the world who are tempted by the idea but scared of the risks. Some basic guidance was provided only a few weeks ago by people who should be in a position to know. Mr. David Costain-Taylor, contracts manager of Woodrow Taylor, a joint venture new working on a £120m drydock and ship repair complex in Dubai, U.A.E., is cited by one construction journal as "Man of the Year" gives some simple advice. "There are, he said, three main ways of getting established in a foreign market with low to medium overheads: joint venture, subcontracting and a local partner. Each has its own risks and rewards. Joint venture is the most complex but also the most rewarding. It involves sharing risks and rewards with a local partner who has a better understanding of the market and its requirements. Subcontracting is simpler but offers less control. A local partner can provide valuable local knowledge and contacts but may have different objectives. The choice depends on the project and the contractor's resources. It is essential to have a clear agreement and to communicate effectively throughout the project. Success often depends on the ability to work together and to resolve any conflicts that arise. The key is to find a partner who is complementary to your own strengths and who shares your vision for the project. This is often easier said than done, but it is a necessary step for many contractors looking to expand into new markets. The article continues to discuss the challenges of joint ventures, such as cultural differences and communication barriers, and offers practical advice on how to overcome them. It emphasizes the importance of thorough due diligence and the need for a strong legal framework to govern the relationship. The article concludes by noting that while joint ventures can be a risky business, they also offer significant opportunities for growth and success in the global construction market.

are as many opinions within the U.K. construction sector as Saudi Arabia and now handling over £40m. worth of business. While there is a general belief that in order to win a greater share of the jumbo-sized projects now in the planning pipeline, contractors must be prepared to pool resources and work closely together, there remains an overriding reluctance actually to do so. While some of that reluctance must be put down to the traditional British contracting approach, where individually developed skills and techniques are jealously guarded and fraternisation with the competition is particularly frowned upon, a great deal of resistance must also come from the sheer inexperience which many contractors have in this particular respect. It is only comparatively recently that the very largest U.K. contractors have found themselves working together in order to win big contracts and for the medium and small operations the type of business they take on has never required such considerations. The pattern, certainly in terms of overseas work, has changed dramatically, however, and reluctance to enter into joint ventures, either in a one-off situation or from an ongoing basis can only spell an increasing number of lost contract opportunities. There are the notable exceptions to the general rule, such as the Dubai arrangement, which is literally a 50-50 partnership and has a management committee masterminding project work and drawn equally from both sides. The people involved are in an excellent position to compare their usual methods of working to select the best approach for the job and have attempted to integrate various skills into the venture to the project's overall advantage. Taylor Woodrow has also entered into a partnership in Saudi and general management and construction projects are in hand. Costain-Taylor Woodrow are not alone in the joint venture field, with companies like Laing and Wimpey joining

forces with a local company in skills, not always available within one organisation alone, and the necessity to complement financial resources are other good reasons for the joint venture approach. Joint venture partners also consider the potential value of being associated with another operation whose reputation in a particular market is good and who may even be treated favourably by potential clients because of their previous record. But if a major stimulus to joint venture work is the desire to spread risks, specific measures still have to be incorporated to ensure this objective is achieved. Many contractors will argue that for a joint venture to be successful, each party must make an equal contribution of capital, share a proportional load of the responsibility and participate actively in site work. The chances, they say, of a minor partner wishing to withdraw at some stage of the project are clearly higher than in the case of an equal associate. As for the choice of an associate, the candidates are likely to be drawn from among fellow national contractors or from those operations within the market where business is being sought. It is certainly true that for contractors entering a foreign market for the first time, a locally based partner is almost essential and, indeed, in many developing nations no overseas contractor will be allowed to operate without such an arrangement. One of the major problems for contractors now considering tendering for work in the Middle East is the lack of potential local partners, most of whom are already operating in conjunction with a foreign-based operator. In a market where, not to put too fine a point on it, who you know can be rather important, local contacts are all-important. They are not, however, enough to guarantee success and the contractor wishing to work overseas must ensure that, skills apart, he must be organised in a way to maximise business opportunities and, hopefully, his profits.

Materials

CONTINUED FROM PREVIOUS PAGE

there, because that is the only way you can establish a commitment and at the same time find out local conditions. Its range of products, mostly chemicals needing to be skillfully applied to the building materials for which they are intended, is also such that sales are greatly helped by an on-the-spot presence to guide the prospective purchaser in the proper use of the products. The company has had a plant in Dubai for the past two years, and is at present involved in building up its business in Iran, where its subsidiary is currently involved in marketing only but will be making concrete additives later this year and, eventually, timber additives too.

Concrete

In the Far East, the company recently established a joint venture in Hong Kong, and it is also involved in manufacture in the U.S., France, West Germany, South Africa, India and Spain. In December, it unveiled plans for a joint venture with a Swedish company through which it intends to introduce its timber preservative impregnation systems throughout Scandinavia, while in January it spent \$1.5m. on acquiring a 60 per cent. controlling interest in one of the leading suppliers of ancillary products to the pre-cast concrete industry in North America. All these are companies which have gone in for direct manufacture overseas to boost their business abroad. One leading concern which, while not eschewing setting up its own

Personnel

As for the principal factors in an overseas operation, Mr. Costain-Taylor put it down to having the ability to put the right men in the right place at the right time. The "right men" normally came from within the company's home contracting division where they have become acquainted with the company system, trained on domestic contracts and have proved suitable for overseas work. Home contracting also has the advantage of keeping up to date with the latest techniques and process activities are therefore being constantly updated by the introduction of trained personnel from the home base. Of Mr. Costain-Taylor's own recent experiences, he pointed out that the success of the current Costain-Taylor Woodrow joint venture activities in Dubai — they are also working on a £120m. contract to expand the Port of Jebel Ali facilities — highlighted the potential of the markets available to British contractors overseas. It also proved, he added, that with proper organisation and know-how it was possible to undertake complex engineering contracts in markets practically devoid of skilled labour and with few of the sophisticated banking facilities that exist back home. The whole question of joint ventures is one on which there

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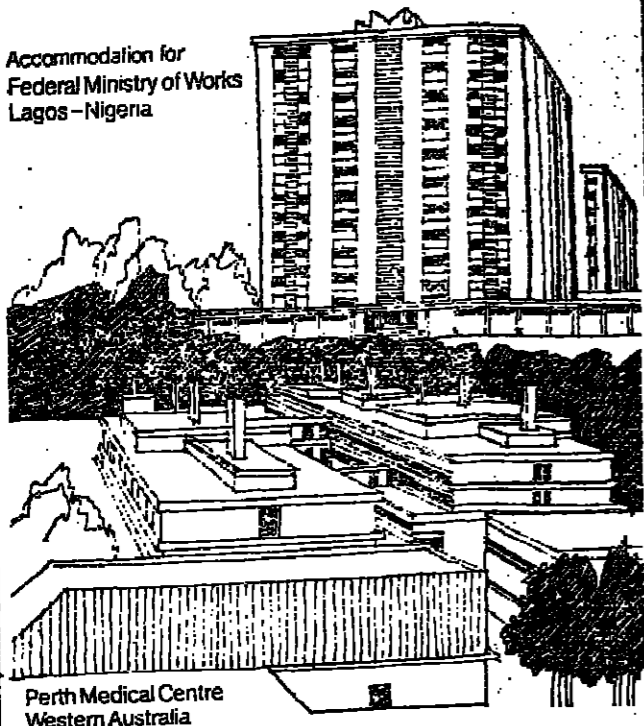
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Examining new markets

THERE IS a widespread, though not universally accepted, belief that the U.K. construction company wishing to work abroad receives far less help in obtaining overseas business than many of its potential competitors in other nations. The help it can expect, many people believe, is strictly limited and there remains enormous scope for not only improving this nation's business intelligence network but for organising a more centralised effort in order to capitalise fully on the opportunities abroad.

It is the common complaint of many contractors that "the Government does little to help and if we only had the assistance which some of our competitors get we would be laughing." Some governments, they say, provide far greater tax incentives for companies and individuals involved in the export effort and also help out more in an area of increasing importance — the protection of the contractor against all forms of risks.

Government may well be open to criticism in this respect but it is clear that those in influential places have more recently come to appreciate the potential of the overseas effort now being made by the U.K. construction industries and that they require more direct assistance in their battle for foreign business.

Designed

There are, it is true, numerous operations and organisations which are designed to help the exporter, though not exclusively in the construction market, as the latest Department of the Environment handbook on the subject underlines.

The British Overseas Trade Board, composed of businessmen and representatives from several Government departments, offers a wide range of services for exporters, from providing market assessments to giving information on tariffs and import regulations and help in finding local agents or representatives.

Within the BOTB is the Overseas Projects Group, the central point to which contractors and manufacturers may look for official support in the pursuit of major contracts involving projects overseas. The Group works closely with other departments, such as the Department and the Ministry of Overseas Development.

The Department of Trade itself has commercial relations and exports divisions whose job it is to create the right climate for trade in general and with particular countries.

The Export Credits Guarantee Department, a major plank in the nation's exporting effort, is in the business of providing a range of insurance cover against the major risks not being paid — notably against default on the part of the customer or client and political risks, such as lack of Sterling exchange in the buyer's country or even war.

Apart from the Government departments and services, there is a complementary list of privately sponsored organisations which are designed specifically to back up the construction industry overseas. Organisations like the British Consultants Bureau, the Export Group for the Constructional Industries and the Building Materials Export Group all help to promote and stimulate foreign business by providing information on market opportunities or on financial and legal aspects of overseas construction work.

In the markets of the world themselves, the U.K.'s diplomatic services, working in collaboration with the export services and promotions division of the BOTB, provide exporters with a world-wide trade promotion and information network. Over 800 U.K.-based and locally engaged full-time commercial officers are available to provide advice to existing and potential exporters, though there is substantial criticism from the construction sector that the assistance given in this way is patchy and simply not as business-like as comparable net-

works established by other nations.

Perhaps the most encouraging development for the construction industries, with an eye on overseas business was the formation, in 1975, of the Construction Exports Advisory Board, which draws its secretariat from the Department of the Environment and the Department of Trade.

The Board's establishment by Mr. Reg Fresson, Minister for Housing and Construction, reflected Government recognition that the opportunities for the construction industry overseas were vast but not necessarily being exploited to the full.

Mr. Fresson said the Board's formation was intended to provide a "clear target" for the industry's export effort. Its terms of reference are the selection of single companies or groups of companies to pursue particular overseas construction projects and to advise Government on ways of harnessing additional resources in the industry and associated professions into the export market.

The role of the Board, set up under the chairmanship of Mr. David Scholey, vice-chairman of merchant bankers S. G. Warburg, and comprising Government and industry representatives, has not been clearly understood in many circles and it is not in business to form consortia and send them off in search of contracts.

Valuable

As David Scholey puts it: "We are not another British Overseas Trade Board, Overseas Projects Group or Export Group for the Constructional Industries, all of which are playing a valuable role in the exporting effort. We are primarily here to advise and recommend to Government the best ways of tackling the problems which the existing structure in the construction industry has been unable to resolve."

Mr. Scholey wishes the Board to provide an all-important interface between the industry and Government, helping to establish more organised channels of communication between all the parties involved. He believes the status of the Board to be very important and sees it as a catalyst for action which will be able to act as a two-way advisory group and will not have to play the traditional role of a trade promotional body with fixed interests that merely lobbies on behalf of its members.

"We will be advising Ministers on matters affecting the exporting effort and we want to ensure that our representations are considered and responsible. The Government will act in the light of our recommendations, or despite them, but hopefully we shall have presented them with the information necessary to make what they believe to be the correct decision."

Despite some criticism within the industry that the Board's progress has so far been slow, it has been making what it believes to be significant moves towards reducing the proliferation of sectional interests which exist in such a diffuse industry and which may in the past have harmed its prospects for success. The Board has now established what it regards as vital focal points within the industry, to which particular sectors can

now look and which, in turn, will link up with the Board.

It is a delicate area in which to delve but progress has apparently been made and the British Consultants' Bureau, for example, is expected to play a greater role in promoting the views of the professions generally while material producers will look to the Building Materials Export Group and the contractors to the Export Group for Constructional Industries.

Mr. Scholey adds: "There has not been a real co-ordination of interchange. Where does the man with expertise and information feed what he knows into the construction tank if he wishes to do so? We hope that from now on the channels will be better defined and readily open to him."

Definite

Although the Board will not, contrary to some beliefs, be organising consortia, it could become involved in their efforts to win business when more than one group of companies is competing for the same contract overseas. "If, for example, the client wishes to include an element of U.K. participation in his project, makes it known to the Government that this is the case but also asks for its advice on the best choice, then the Board could be asked to make a recommendation. This would not necessarily be binding on the Government but would clearly aid the decision-making process."

In more general terms, Mr. Scholey has very definite ideas about the role of the Board. "We must look at the performance of the industry as a whole. Is it as successful as it should be and is our 'strike record' as good as it could be? How can our under-utilised resources be used in other markets and if we lose out, why is it?"

"We must examine not only the most attractive markets in which to expand but the most profitable areas of activity within those markets. There is no point in going for sheer volume and minimal or non-existent profits. We must consider where we are most effective and exploit to the full those areas where we do have the edge."

The Board will be taking a close look at the support which the industry can expect from the U.K.'s embassies and commercial officers around the world. It believes that countries like the U.S. and France make a more concerted political effort to promote their business abilities and the Board will be attempting to determine whether our own governmental services are doing enough to help.

It will also be examining the extent to which Government helps in purely financial terms.

For the next year, the Board is to concentrate its efforts on identifying and exploring the exporting opportunities for U.K. contractors. It will be taking specific steps to look at areas of potential for the medium-sized companies, examining past success stories and learning what lessons they have to pass on. The learning curve, the Board believes, can be substantially reduced by examining the experiences of existing participants in overseas markets.

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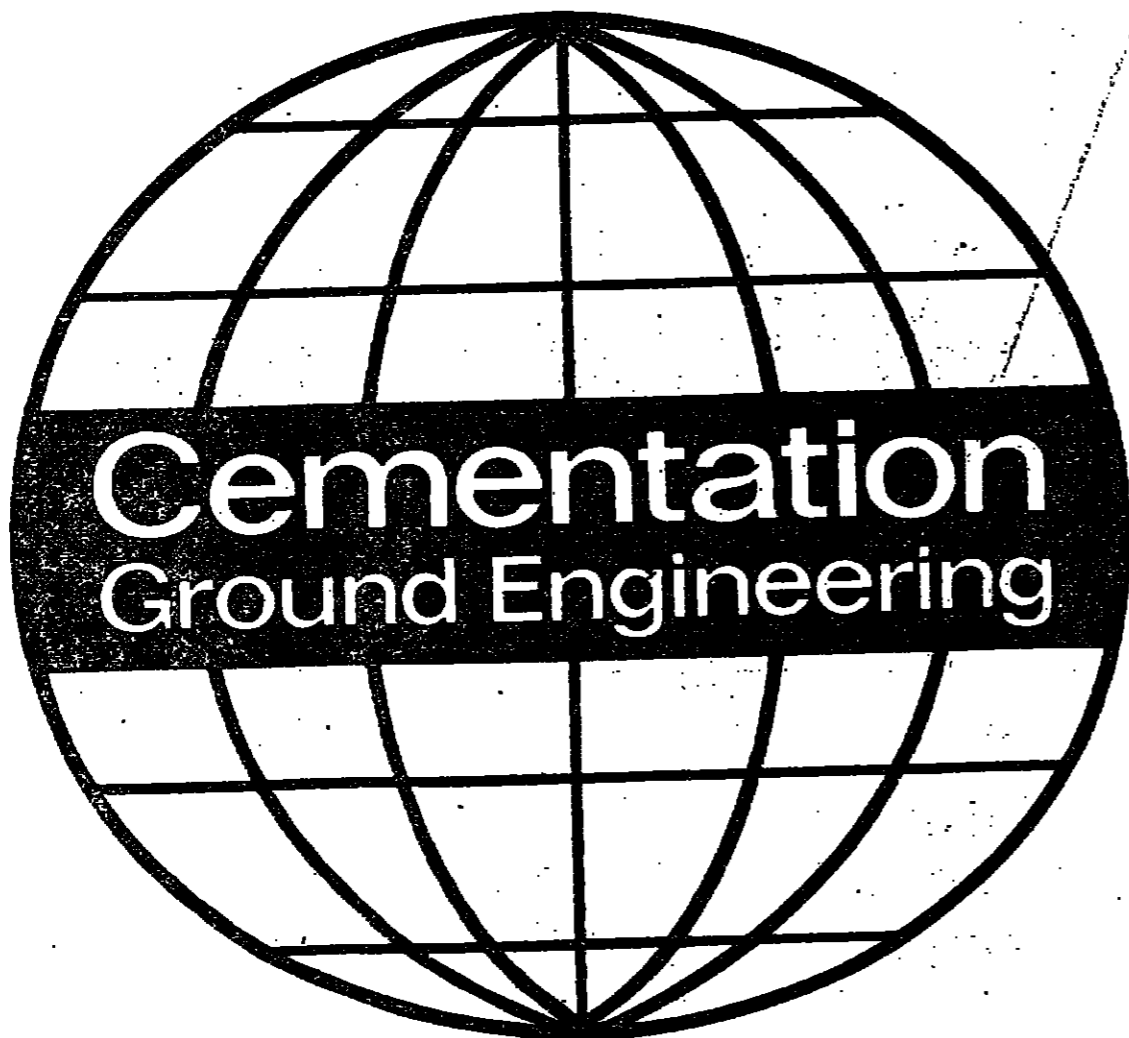
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POLITICS TO-DAY

More persuasive leadership needed

BY DAVID WATT

David Watt

ONSENUS is a rare plant in British politics to-day— which is perhaps surprising, since so many people expend so much energy in trying to extinguish it. The risk of being denounced by the entire fraternity of commentators and politicians, however, I should like to try this week to restate one modest proposition on which reasonable observers of our present political situation could agree. This proposition is that our most urgent need is for more persuasive political leadership.

During the last 10 years this has not been a fashionable view. It has been assailed from all sides. One branch of the Left has attacked it on anti-egalitarian grounds. Political leaders and anti-egalitarianism are not, of course, the same thing. But it is not surprising that they were not. They were very soon seduced to that way of thinking. What is needed, therefore, was not more leadership but more workers' control, more participation in round and more decentralisation to break up the units of power on which the old leadership rested.

Another critique, even more powerful in the last five years, is that it is a liberal suggestion that Britain has been "over-governed" by Oxbridge know-nothings who have attempted to impose their own values and prescriptions on the country, and particularly on the economy. Sir Keynesian analysis has been followed by the appropriate means, and everyone has been urged to recognise that intervention with market mechanisms, even (perhaps one

to settle distributional problems which had to be abandoned, for nobody will believe monetary targets are an act of God. To put it at its very lowest, people have to be persuaded to accept the "inevitable" if they are not going to pull the place apart; and there is nobody but the politician to do the persuading.

On the other side, one can also sense a reaction, though it is perhaps more difficult to be sure about. As usual men's minds are swayed by the crises of the moment. This happens to be the next phase of the social contract (with the particular

and then "selling" it all round. Until this is done, it is pointless to try to short-circuit the process by means of a referendum, for that will only reflect the clash of interests once again.

Of course there are other lines of approach to our problems than the two mentioned here—some of them raising fundamental and perhaps even insoluble problems. It is true, as many political scientists have been saying for some time, that socio-economic factors have produced a crisis of expectation which threatens liberal democracy with extinction? Is

in our western society, politicians, whatever their weaknesses, are the only individuals who are universally recognised as having a legitimate right and duty to try and persuade us.

What we should be looking for, therefore, is not some method of dispensing with politicians or by-passing them by the application of direct plebiscitary methods to decision-making in politics and industry. The problem is to impart as much legitimacy as possible to what politicians do and say.

It seems to me that we have not thought clearly or hard enough about this and that some of the solutions to our present problems which are proposed are either irrelevant or positively harmful to this end. Contrary to some constitutionalists for example, I cannot see that a Bill of Rights or a written constitution would be at all profitable for it would hand over to the Courts a mediating function which ought to belong to the political process. It is arguable, again, that a politician elected by proportional representation of some kind will carry more conviction than a politician or group of politicians elected by the present method — but I rather doubt it.

Second, he would tend to be less set in his ways and more likely to be a one- or two-term man. Third, having got to Westminster, he would be in a stronger position vis à vis his party leaders—not in the sense that he would be less easy to remove, but in the psychological sense that he would have a broader base within the party. Another beneficial fall-out from this kind of innovation might be its effect upon the constituency representation of the Labour Party conference. If the conference was more representative there would be

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problem of British Leyland very English electorate in simple and powerful terms what was going on in Scotland; there was not even more than a half-hearted attempt to rally support in Scotland behind the particular proposals that were chosen. The difficulty was not that the politicians failed to listen to the voice of the people. There were endless discussions, soundings and constitutional confabulations. The difficulty was that these revealed, not surprisingly, a clash of interests for the politicians to resolve — preferably by persuasion and example. And

it true, as Mr. Fred Hirsch argues in his absorbing new book, *Social Limits to Growth*, that the increasing scarcity of some social goods like privacy or prestige adds a new twist to the screw? Very likely it is, and some fairly drastic changes in social ethics and even individual psychology are going to be necessary if we are to avoid the worst consequences. But whatever the dangers, they cannot be averted (if we exclude dictatorship or brainwashing or the revival of some powerful anti-materialist religion) except by persuasion and example. And

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Planning and mortgages

ON Mr. T. Wainwright's Commons wastes considerable time with Bills which are intended upon the most appalling ignorance. The Bill to nationalise the building societies is one such.

Chile and Peru

FROM THE CULTURAL ATTACHE, Chilean Embassy, London. Sir—At a time when British public opinion must be preoccupied with real European and world problems, Hugh O'Shaughnessy's February 25th once again gives vent to his imagination and states that armed conflict is about to break out between Chile and Peru. The title and conclusion of the article, however, detract from all he says when he admits that neither country wishes nor can finance such a war. Why, then, write the article?

Choice of reactor

FROM Mr. E. Derry, Greenacre, Shillingthorpe, Lincoln. Sir—It is sad to see in your correspondence columns (February 22) a mass of Sir Alan Cottrell's eminence falling into the trap of expressing opinions on subjects where his information is incomplete. The main reason I would take issue with are as follows:

Morris and Babcock

MR. W. Mettman. Sir—The treatment of Herbert Morris in the Babcock takeover (Mr. C. Wyatt March 1) and the subsequent inactivity of the two firms has been ungenerous to say the least. Both management and unions were required to give their consent to the takeover. The resignation of one member of the union put an end to the idea of Fair Trading to replace the same undertaking. The intention of the takeover was to combine the two firms and to have the best of both worlds. The fact that the two firms have not been able to do this is a pity.

Letters to the Editor

already in this "horse race" does mean that the only way we can succeed is to get on a camel. Undoubtedly, it will be difficult and hard work for the U.K. to win exports in this field because we are a late starter, but it is in truth the only real market where we can hope to win exports.

Should we perhaps think he has allowed himself to be seduced, or involuntarily, to become involved in the campaign that is being carried out against our country? There is a curious and unfortunate coincidence in what he says and what the exiles of the former Popular Unity Government are saying.

In defence of managers

FROM Mr. B. Lewis. Sir—I am increasingly aware of the accusation (faithfully recorded by journalists) from academics and politicians (many trained at Oxford University) that I and my fellow managers are intellectually sub-standard because for a long time "the best people have not gone into industry". If all depends what you mean by "best" I would not wish to argue for example that the average manager reaches the ceiling of his ability. People as personal advisers to present prime-ministers or their economic mentors—such persons are clearly in a class of their own!

Hypocrisy over butter

FROM Mr. L. Littman. Sir—There may be a problem over the disposal of Common Market butter, but it hardly becomes British politicians to make political capital out of it. Without New Zealand butter imports there would be no surplus, and but for the concession Britain won for New Zealand from the Common Market, there would be no New Zealand imports.

Women and crime

FROM Malinda Coleman. Sir—James McDonald's article "Women are committing more crimes" (February 25) should have contained the statistics to support this contention. Headlines and lead sentences denigrating the female sex and the women's movement are inflammatory, and can often be misleading unless supported by fact.

criticism of our managers. If anything it seems to me that academics and politicians for their own selfish ends have deliberately undermined the economic morale of the country, and contemptuously underestimated the importance of efficiency and logical deployment of resources by destroying incentives for skill and intelligence used in the proper pursuit of profit. Indeed capitalism and the mixed economy have been under such successful and sustained attack for so long that I find I cannot altogether blame them for being near collapse.

Such attitudes surely stem more from ignorance, arrogance, and selfishness than the application of the best intellectual gifts. The creation of a continuously hostile working environment must destroy confidence at all levels of industry.

Academics and politicians share that grave weakness in assuming that the presentation of a case in a fine eloquent style is all that is needed to solve a problem. I fear the Oxford Union Society in former days, where so many of our senior politicians learnt the tricks of the trade, has learnt to answer for it. It is a perversion of the art of oratory to use the gift of eloquence to sway the minds of people against their better judgment, and yet who can doubt that many men in public life make a personal career of it, and aim for power and wealth by the elimination of inconvenient or unpleasant truths from their arguments. The "best" thus see public debate as an intellectual game, barely conscious of the practical consequences of their fun.

In short, Sir, whatever the shortcomings of managers may be, I doubt whether sufficient evidence exists to prove that they are in any way inferior to our academics, politicians or indeed journalists. Sir, I low have these others fallen in my esteem that managers may be the best of a bad bunch!

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To-day's Events

Anglo-U.S. air agreement talks continue. London. European Union two-day symposium on co-operation in European armaments ends. Paris. Japan and China hold bi-lateral trade talks. Tokyo. Mr. Anthony Greenwood, Secretary of State, speaks at Rhondda Labour Party annual dinner. Mr. Peter Shore, Environment Secretary, addresses Woolwich trade talks. Annual meeting. Sir Robin Gifford, Lord Mayor of London, receives Parliamentary delegation from Senegal, Mansion House. Last day of International Men's and Boy's Wear Exhibition, Earls Court.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills. Mr. Roger Sims (Con., Chislehurst) seeks to introduce a Bill controlling smoking in places of public entertainment. COMPANY RESULTS Johnson and Firth Brown (half-year), Midland Bank (full year). COMPANY MEETINGS Bamford's. The Racecourse, Uttoxeter, 11. Bett Brothers, Dundee, 12. EXHIBITIONS Products chosen as souvenirs of the Queen's Silver Jubilee. Venue: Design Centre, 28, Haymarket, S.W.1, and Scottish

Theatre opens with "Illuminati" at 2 p.m. MUSIC Barry Rose gives organ recital, St. Paul's Cathedral, 12.30 p.m. Northern Sinfonia Orchestra, conductor David Haslam, with Ernesto Bitetti (guitar), Michael Chapman (bassoon) and Gareth Hulse (oboe) in programme of Vivaldi (Bassoon Concerto in B flat); Francaix (The Flower Clock); Rodrigo (Concierto de Aranjuez and guitar solos); and Mozart (Symphony No. 40, Queen Elizabeth Hall, S.E.1, 7.45 p.m. London Symphony Orchestra and Royal Choral Society, conductor Meredith Davies, perform Delius (Sea Drift) and Brahms (Ein deutsches Requiem), Royal Festival Hall, S.E.1, 8 p.m.

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COMPANY NEWS + COMMENT

Peak profit expected by AAH this year

INTEREST charges at AAH increased from £419,000 to £615,000 for the nine months ended December 31, 1976, but pre-tax profit improved from £2.9m to £3.5m.

Mr. W. M. Fybus, the chairman, says that profit for the full year will probably not maintain the percentage advance shown after nine months but they will still be higher than last year's pre-tax profit of £3.5m. He remains confident in the strength of the company and the quality of its earnings have never been better.

The net interim dividend is lifted from 4.35p to 5p. Last year's final was 4.7273p.

The group distributes fuel supplies, builders' requirements and pharmaceutical products.

HIGHLIGHTS

EMI has turned in interim profits some 24 per cent higher with a very strong performance in music but slightly disappointing figures from electronics. Vantona has also performed well with full profits some 50 per cent higher and the current year has started equally strong. Completing the Lex column is Racal which has made its expected rights issue; the terms of one-for-eight at 240p mean that the company is raising £14.7m. On the face of it, profits at AAH for the first nine months look encouraging with a jump of 39 per cent, but the bulk of this is attributable to the acquisition and the benefits of the rights issue. Crane Fruehauf has had a better second half than expected thanks to a late build-up in demand, while British Vita has continued to show a strong recovery in the later six months. On the issue front the Fife Corporation issue was oversubscribed to the tune of at least 40 times.

The equity of the Yorkshire Bank is owned by four of the major clearing banks.

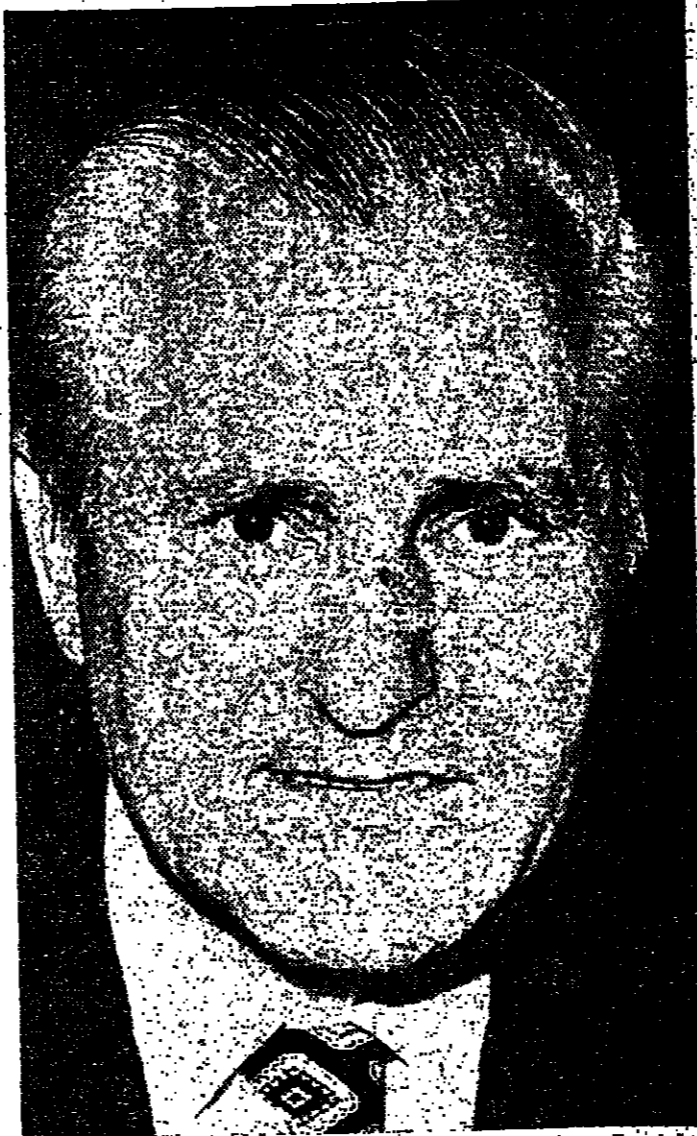
Crane Fruehauf pays 2.15p

The profit forecast of not less than £1.4m at Crane Fruehauf has been achieved with a pre-tax £1.5m for the 38 weeks to January 1, 1977, compared with the much depressed £0.1m in the previous year.

At half-year profit amounted to £0.4m, against a loss of £0.3m. Turnover for the year was 40 per cent higher at £47.5m, reflecting the recovery in U.K. commercial vehicle markets and a further increase in exports to £10.25m (£7.75m).

The profit forecast was made last November in a letter to shareholders by the U.K. directors advising them to reject a bid from the Fruehauf Corporation, of America, for the shares not already owned. The bid lapsed after the Government decided to refer it to the monopolies commission.

Following the bid, the U.K. directors obtained Treasury permission to increase dividends over the normal limit. The dividend is now stepped up from 0.88679p to 1.655p, raising the net total from 0.88679p to 2.15p per 10p share; earnings per share are 4.04p (loss 1.5p).



Sir John Read, chairman of EMI, which yesterday announced a jump of 24 per cent to £36.7m in profits for the first half of 1976-77.

ISSUE NEWS

Racal £14.7m. rights and forecasts £32m

The expected rights issue from Racal Electronics emerged yesterday on the basis of one-for-eight at 240p each to raise £14.7m. The company also forecasts profits of £22m for the current year to March 1977, and its intention to raise the dividend level to 7.79p per share in the year to March 1978. The share closed 22p higher at 905p in the market.

Hill Samuel has underwritten the rights issue of 6,326,887 shares which will also be offered to holders of the 6 per cent Convertible Unsecured Loan stock £995,000 on the basis of 147 new Ordinary 25p shares for every £990 of stock.

Last December, when reporting a 95 per cent jump in interim profits to £11.52m (£10.65m) of Racal forecast £25m (£19.65m) for the full year. Now this forecast has increased to £32m, including any contribution from the recent acquisition of Milgo Electric Corporation, which is unlikely to have any material effect on the results. The forecast also excludes any profit from the purchase and sale of holdings in Ultra Electronic Holdings.

The directors intend to pay a final dividend of 1.154p a share making a total of 1.779p for the final dividend. The new shares will rank for a dividend of 7.79p per share to a dividend of 7.79p per share for the year ending March 31, 1977.

Giving its reasons for the rights issue the directors state that the acquisition of Milgo has been financed to a medium-term loan under a currency facility of £47.4m. The total cost of the Milgo acquisition will be \$64.1m (£57.7m) and the difference has been met for from Racal's own cash resources. The finance will be funded by further currency borrowings, the borrowings already taken and consolidation of borrowings have resulted in a significant increase in group debt so the Board decided that a rights issue was necessary to provide for further development.

Brokers to the issue are Seabag.

See Lex

FIFE ISSUE OVER-SUBSCRIBED

The issue of £10m of 10 per cent Redeemable Stock, £5m 8 1/4 per cent by Fife Corporation closed yesterday. The Market sources last night indicating that the issue had been heavily oversubscribed over 40 times. The basis of allotment applications for up to 40 times of £7,000 of stock, per cent, with a maximum allotment of £100,000.

BTR DEALINGS

Dealings in the new BTR offered by way of closed secondary market standing at a 50p premium to the issue price is 140p. The document relating to the issue of one-for-eight rights issue of £30m (£27m) in addition to the group's loans and overdrafts of £9.25m, secured, cash and deposits amounted to £28m.

Booker offers shares in Stephens and Ross

Booker McConnell is offering a sales of £23.5m (£20.5m) second amount of stock in its subsidiary Stephens and Ross, to the public of £1.5m. The offer is to be made in the form of 1.5m shares at a price of 1.55p. The application for the offer is to open on March 14.

MIDLAND BANK STATISTICS

Statistics compiled by the Bank show that the "new money" raised by the issue of £12.5m (£10.5m) compared with £24.5m (£21.5m) in the month of August, this was the largest sum raised by the Bank since 1963. The Corporation of £12.5m (£10.5m) from the 131 per cent stock issue. The two local authorities issued raising a total of £15.5m (£13.5m) for industry from a loan of £1.5m (£1.5m) in 1976. The Corporation of £12.5m (£10.5m) from the 131 per cent stock issue. The two local authorities issued raising a total of £15.5m (£13.5m) for industry from a loan of £1.5m (£1.5m) in 1976. The Corporation of £12.5m (£10.5m) from the 131 per cent stock issue. The two local authorities issued raising a total of £15.5m (£13.5m) for industry from a loan of £1.5m (£1.5m) in 1976.

Yorkshire Bank advances

PRE-TAX PROFIT of the Yorkshire Bank for 1976 rose from £4.5m to £11.7m, although the comparable figure was after provisions of £1.81m, which were made for bad debt and an addition to the pension fund.

The balance-sheet at the year end showed that total resources rose from £340m to £383m, with customer deposits up by some £38m. Advances increased from £149m to £188m. The growth in deposits enabled the bank to maintain a high level of liquidity with 35 per cent of resources being held in cash and short term funds.

During the year the bank made a one-for-three scrip issue and capital and reserves now amount to £40m which is about 11 per cent of deposits.

Boosted by current accounts handled continued to increase, and over the past four years the growth rate has been around 30 per cent. One new branch in Northampton has already been opened this year and there are plans for at least another three.

comment

Second-half profits of £1.1m from Crane Fruehauf are a better forecast. The recovery in the U.K. really got under way in the closing months of the year as shown by the 44 per cent jump in home turnover. Meaningful recovery was seen in the Middle East continued strong, together boosting exports by a third. Even so the company is probably working at three-quarters the level of activity registered before the slump in 1975. So the recovery has some way to go, but Crane looks capable of reaching its previous profit peak of £2.2m; again this year with no more than a continuation of the current level of activity. This would drop the p/e from 7.3 to 4.3 at 31p, and outside estimates are already earmarking 1978 for further growth, while possible termination of royal warrants and the U.S. Fruehauf in 1978, amounting to £0.6m last year, could give quite a boost to profits. That is assuming that Fruehauf does not gain control for the monopolies Commission does not rule out another bid. Fruehauf has indicated its intention to return. The yield is 11.3 per cent, and the shares are not expensive on straight trading grounds alone.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year
AAH	5.0	Mar. 31	4.35	9.1
BCA	1.97	May 3	1.47	2.63
Bridgewater Ests.	6.58	May 2	6.53	3.48
British Vita	1.85	April 15	Nil	0.29
Cableform Group	1.66	May 13	0.44	2.15
Crane Fruehauf	3.41	June 30	2.1	5.86
Fife Forge	2.14	Apr. 29	3.62	3.27
Mitchell Cotts Trans.	1.18	April 22	1.11	2.39
Prestwich Parker	0.81	April 5	1.11	3.0
Vantona	0.17	April 27	2.96	4.61
	0.17	May 7	0.17	0.73

Dividends shown pence per share net except where otherwise stated. † On capital increased by rights and/or acquisition issues. ‡ Treasury permission obtained.

BCA turns in £0.7m.

SAND and gravel producers, BCA achieved an increase in pre-tax profits for 1976 of £129,601 to £207,323.

After six months profit was £206,712, but the directors anticipated that volume of trading would continue at about the same level for the rest of the year, and they warned that margins were under pressure.

In the event the trading volume was as expected, but further economies, especially the closure of the Hilton office, resulted in the higher second half profit.

The directors say that they expect the volume of trade in December, 1976, before tax of £79,377, net with £73,583.

The net interim dividend is 0.8125p (same) - last year's final was 2.1875p and profits £380,558.

AMEV Life's new plan

AMEV Life Assurance, the U.K. subsidiary of NY AMEV of Netherlands, has introduced a Pension Plan for its non-employee staff and those in non-employment. Designed for the broker market, the minimum annual premium is £100.

The pension fund is gross managed fund which enjoys tax-free accumulations of capital and income. It is under the day-to-day management of Bankers Trust Company. The investment company will initially be on gilt and fixed interest securities.

Britannic Asse. lifts bonus

The Britannic Assurance Company is increasing the reversionary bonus rate for 1976, on annuity contracts to 45.00 per cent of the sum assured from 44.00 in 1975. The bonus rate on with-profit annuities is improved to 45.50 per cent of the basic annuity at pension age from 44.25 per cent. The terminal bonus rates paid on death or maturity claims are fixed at a scale ranging from 5 per cent to 40 per cent, while the terminal bonus paid on annuity contracts is lifted to 30 per cent of the annuity and bonus additions from 25 per cent.

On industrial branch policies, a total reversionary bonus rate of 45.50 per cent of the sum assured (£3,500) is declared together with an additional bonus added on death or maturity claims, providing at least 15 years premiums have been paid, which will ensure that the total bonuses paid will be at least 251 per £100 sum assured.

More products for Andre Silentbloc

The widening and improvement of the product range continues under the leadership of C. F. Whitworth, chairman of Andre Silentbloc, in his annual statement.

Since the year-end the company has increased its ability to make hydraulic equipment by the purchase of Engineering (Sutton). In addition the company has increased its own ability to make and maintain mould and tool making equipment.

As known, pre-tax profit for the year ended October 31, 1976, 10.30 a.m.

Mitchell Cotts Transport Ltd

Unaudited Interim Results for the Six Months ended 31st December 1976.

	Six Months 31st Dec 1976	Six Months 31st Dec 1975
Turnover	£3,830,396	£3,396,000
Profit before taxation	403,384	384,000
Taxation	164,133	133,000
Profit after taxation	239,251	251,000

The profit before taxation for the six months 31st December 1976 has increased to £403,384 compared with £384,000 in the first half of 1975 and it is expected that profits will continue at this level during the second six months of the year ending 30th June 1977.

The increase in the effective rate of tax on compared with previous periods is attributable to reduction in the tax allowances now available to the Company's warehouse properties.

An unchanged interim dividend of 1.155p per share has been declared and will be paid on April 1977 to shareholders on the register at the of business on 25th March 1977.

J. K. Chai

CATHOLIC LOANS BARNESLEY PERMANENT

Total assets of the Barnesley Permanent Building Society increased by 17.77 per cent to £28.2m in 1976.

Investments receipts from shareholders and depositors totalled £5.26m, while £3.63m of principal was repaid to shareholders and depositors. Mortgage advance during the year amounted to £4.85m.

Liquidity funds invested in authorised Government securities, local authority loans, bank deposits and cash in hand at the end of the year amounted to £5,784,224 representing 20.7 per cent of the total assets.

General reserves fund has increased by £204,427 and now amounts to £2,061,440 representing the high ratio of 7.28 per cent of total assets.

Provincial lends £56.7m. more

Mortgage advances by the Provincial Building Society increased from £122.50m to £199.27m in 1976, while receipts improved from £281.5m to £298.9m.

Repayments to members and depositors totalled £228.64m, against £172.65m, leaving an increase in funds of £96.22m (£134.09m). There was a reduction in liquidity during the year of £11.93m, compared with an increase of £71.04m in the previous year.

At December 31 last the assets of the Society stood at £281.82m, an increase of 14.1 per cent over the year. Reserves increased by £5.53m, to £36.37m - the ratio to assets is 12.9 per cent.

Investments and cash amount to £171.1m, which is 19.2 per cent of assets.

Auditors Thomas Coochins and Son, Rawlinson Greaves and Mitchell and Robson Rhodes have on the Board's request, agreed not to seek reappointment. In accordance with the Society's practice the Board has felt that the Board's has felt that for some time that there should be a rationalisation of audit arrangements, Deloitte and Co. offer themselves for reappointment as auditors at the AGM.

Mears Bros. progress

At the annual meeting of Mears Bros. Holdings, Mr. A. K. Stephenson, chairman said the company had achieved some 85 per cent of its target turnover for this year and is already in a position to work amounting to a total over £11m in 1976 and 1977.

Commenting on the plans for the continuous strengthening of the production operation, he spoke of a recent decision to relocate the headquarters from London to Swindon, and to bring into the new head office certain essential functions.

Feedex boosts engineering exports

Increases of 600 per cent in exports are reported by the agricultural machinery companies in the Feedex group - John R. Taylor and Rowlands (Engineers).

Taylor reports last year's record growth over 1975 with sales of bale and stock handling machinery, stock feeders and yard scrapers to new export markets in Denmark, Saudi Arabia, Spain, Libya, Costa Rica, Australia, and African and Common Market countries.

Rowlands has won export orders worth £400,000 since the Smithfield show, for customers in Africa, Arab countries, Common and other European countries.

Agricultural engineering now accounts for a substantial part of the profits of the Feedex group, which also produces a wide range of agricultural supplies, and is the country's biggest pig-producing consortium.

Bates Oil to drill six wells in U.S.

Plans are announced by Oil Exploration (Holdings) for its subsidiary, Bates Oil Corporation, to drill six wells in the U.S. during the first half of 1977.

Programmes recently agreed between Bates and other parties include the drilling of six wells in Texas, Oklahoma, Kansas and Louisiana and recompletion operations at 18 existing oil wells in the same area. The cost will be met from cash flow. Activity in the second half of the year is expected to remain at the same level.

Results of the first drilling should be available within the next ten days. Production arising from wells drilled can be sold immediately through Bates existing production and marketing facilities.

Thos. Walker tops £100,000 at halfway

Makers of metal smallwares for clothing and allied trades, Thomas Walker, increased its profit from £71,117 to £103,409 in the half year to end December, 1976, before tax of £46,223, compared with £32,728. Turnover was £796,286, against £634,239.

Stated earnings rose from 0.856p to 0.958p per 5p share and the net interim dividend is held at 0.1675p - last year's total was 0.739p and profits £157,563.

Bridgewater turns in peak £0.65m.

Turnover during 1976 at Bridgewater Estates rose from £68,225 to a record £83,543 and profit expanded from £34,061 to £547,082 subject to tax of £252,977, compared with £263,677.

Stated earnings per 50p share are 15.5p (10.53p) and the net interim dividend is 8.575p for a total of 8.825p (8.029p).

In the first half profit was up from £263,320 to £283,852.

comment

Second-half profits of £1.1m from Crane Fruehauf are a better forecast. The recovery in the U.K. really got under way in the closing months of the year as shown by the 44 per cent jump in home turnover. Meaningful recovery was seen in the Middle East continued strong, together boosting exports by a third. Even so the company is probably working at three-quarters the level of activity registered before the slump in 1975. So the recovery has some way to go, but Crane looks capable of reaching its previous profit peak of £2.2m; again this year with no more than a continuation of the current level of activity. This would drop the p/e from 7.3 to 4.3 at 31p, and outside estimates are already earmarking 1978 for further growth, while possible termination of royal warrants and the U.S. Fruehauf in 1978, amounting to £0.6m last year, could give quite a boost to profits. That is assuming that Fruehauf does not gain control for the monopolies Commission does not rule out another bid. Fruehauf has indicated its intention to return. The yield is 11.3 per cent, and the shares are not expensive on straight trading grounds alone.

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AAH is showing a 39 per cent improvement at the attributable earnings level (if the acquisition, Chemists, is included for the full nine months). But this improvement is not an accurate reflection of the trading experience; about two-thirds comes from the difference between the profits of the previous year and the interest which would have been received if the cash had been left on deposit, while another eighth comes from the interest receivable on the funds raised by the rights issue. The fuel distribution side has had a difficult time with the long hot summer and now floods in some of the distribution areas. But at least Chemists is proving its worth, having seemed rather expensive when purchased on an estimated 1/2 of 10. Profits in 1975-76 exceeded expectations and the current year could see an other rise of a third. For the group as a whole, the last three months figures are impossible to forecast because of the weather, but if last year's contribution was repeated, the prospective p/e at the end of the year would be 8.3. The maximum yield is 9.7 per cent.

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Friday March 4 1977
14.7m.
ecasts £3
Serck to pay 143% more
Dawnay Day buys control of Floreat
GRATISPOOL
BOUGAINVILLE SPENDS MORE
PROFITS SLUMP AT SHERRIFF
IBSTOCK JOHNSON EXPANDS further into Europe
Ulster Bank £0.82m. rise
Notts. Manufacturing well placed for growth
Spending cuts hit old homes
High Court move on order
BANK RETURN

BIDS AND DEALS
Serck to pay 143% more
The Serck Group has agreed to pay 143% more for the shares of Serck Engineering, a company which has been taken over by the Serck Group. The offer is valued at £14.7m. The Serck Group is a subsidiary of the Serck Group. The offer is valued at £14.7m. The Serck Group is a subsidiary of the Serck Group.

MINING NEWS
Inco expects nickel sales to pick up
BY PAUL CHEERIGHT
DEMAND for nickel is expected to strengthen this year and the Canadian producer, Inco, expects deliveries to increase after a pause in the first quarter. This is stated in the annual report by the chairman, Mr. Edward Grubb. At the same time copper prices are expected to improve.

EMI advances 24% to £36.7m. at midterm
AFTER HEAVIER net interest increased from 3.1p to 3.41p the total for 1975-76 was £5.69p against £5.04m. against £5.69p. EMI's group pre-tax profits of £36.7m. in the half-year ended December 31, 1976, and while there are uncertainties in some areas overall the full year should be one of progress, the directors state.

Dawnay Day buys control of Floreat
Dawnay Day, the financial and investment group, yesterday announced that it had bought control of Floreat Investment, another investment trust company. The deal values Floreat in excess of £370,000.

BOARD MEETINGS
The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's information.

Mitchell Cotts Transport
Pre-tax profit for Mitchell Cotts Transport for the half-year ended December 31, 1976 was up slightly to £403,000 against £384,000. The directors say they expect profit level to be at least maintained during the second half. Profit for 1975-76 was £766,709. Turnover for the six months increased to £3.8m. from £3.4m. and interest charge was £37,000 compared with £39,000. Tax took £164,000 (£133,000).

GRATISPOOL
Europe's leading film processing group, Gratispool, has acquired the capital of Camera House (Blackpool) for an undisclosed six-figure sum. The £21m. Gratispool operates throughout Europe. Camera House had a turnover last year in excess of £5m.

BOUGAINVILLE SPENDS MORE
The Rio Tinto-Zinc group's Papua New Guinea copper operation, Bougainville, plans to spend up to £20m. (£20m.) on developments at the mine this year, according to company officials in Sydney. Last month Bougainville completed a tenth ball mill. The new mill will increase output to 1.2m. tonnes per annum. The replacement of the haul truck fleet and other capital work.

Vantona expands to record £6.4m.—growth continuing
THE SIGNIFICANT profit increase forecasted by the directors of Vantona Group turns out to be from £4.2m. to a record £6.37m. for the year ended November 28, 1976, following the jump from £1.2m. to £2.7m. at the end of the year. Turnover expanded by £20.5m. to £75.5m.

REED & MALIK ACCEPTS RUSH & TOMKINS OFFER
The Board of Reed and Malik, a civil engineering company, has accepted the offer for the takeover of the company by Rush and Tomkins. The offer is valued at £10m. The takeover is a cash offer of 25p per share. The offer is valued at £10m. The takeover is a cash offer of 25p per share.

IBSTOCK JOHNSON EXPANDS further into Europe
IBSTOCK JOHNSON, through its subsidiary, Societe d'Henriettes et de Wanlin, has agreed to acquire all the fixed assets and stocks of the two factories previously owned by the late-making Belgian company, Societe d'Henriettes et de Wanlin, which has recently ceased trading.

Ulster Bank £0.82m. rise
Group profit, before tax, of Ulster Bank for 1976, rose by £0.82m. to £7.23m. Tax took £2.44m. against £2.07m. and dividends of £308,000 and after allowing a credit of £5,000.

MLR unchanged
The authorities sent a further signal on interest rates to the market and this was intended to convey that the Bank of England does not wish to see more than a small cut in the Treasury bill rate at today's Treasury bill tender.

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Notts. Manufacturing well placed for growth
WITH reasonable trading conditions, Nottingham Manufacturing Company is hopeful of further progress in 1977. The chairman, H. A. S. Djanogly, the chairman.

MONEY MARKET
Bank of England - Minimum Lending Rate 12 per cent. (since February 3, 1977)
Bank of England - Minimum discount rate repaid at 12 per cent. yesterday, in spite of speculation of a reduction, and it now stands at 12 per cent.
The market rate for Treasury bills is 11.75 per cent.
The market rate for Treasury bills is 11.75 per cent.

Somewhere Different for Lunch?
THE MANCHURIAN
42 Baker Street, London W1
Tel: 01-432 0321
Monday to Saturday 12 noon to 2 p.m. and 6 p.m. to 11 p.m.
Sunday 12 noon to 2 p.m. and 6 p.m. to 11 p.m.

£20,000 grant for Wildlife
THE WORLD Wildlife Fund has provided £20,000 for British conservation projects. High on the list of priorities is the protection of peregrine falcons, and two vulnerable species of orchid. Money will also be contributed for the purchase of marshland and upland and surveys of spiders and Highland plants.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

West German companies feel steel crisis

BY ADRIAN DICKS BONN, March 3. THE EFFECTS of the European steel crisis made themselves felt painfully in West Germany today. Kloeckner-Werke, a major steel producer and fabricator, announced that its supervisory board had for the second year running decided to propose no dividend.

Suspect GM write-offs reported

BY JAY PALMER IN NEW YORK. U.S. JUSTICE Department and Internal Revenue Service officials conducting a criminal tax fraud investigation at General Motors have found large amounts of what they believe to be questionable write-offs by the company. The Wall Street Journal reported morning.

Investor group makes \$303m. offer in cash for Irvine

DETROIT. A NEWLY FORMED investor group, including Mr. Henry Ford II, entered the bidding for land-rich Irvine Company, raising the value of the offer to \$302.9m. in cash, from the best previous all-cash offer of \$283m. by Mobil Corporation.

Hershey stake in Marabou

BY WILLIAM DULLFORCE STOCKHOLM, March 3. HERSHEY FOODS Corporation of Pennsylvania has bought a 16 per cent. holding in Marabou, the Swedish chocolate and confectionery manufacturer, for an undisclosed sum but which is understood to be \$3.5m.

Overseas efforts boost TNT revenue

BY JAMES FORD SYDNEY, March 3. THOMAS NATIONWIDE Transport international transport group, lifted earnings 39 per cent. in the December half-year, compared to its overseas operations.

EUROBONDS Discounts on BHP

BY TONY HAWKINS. BOTH TRANCHEES of the Broken Hill Proprietary Company Eurobond issue have been priced at a discount. The joint lead managers, Deutsche Bank and UBS (Switzerland) said that the 8 per cent. eight-year bill of \$30m. has been priced at 99 1/4 to yield 8.09 per cent. to maturity.

E. Asiatic upsurge

BY OUR OWN CORRESPONDENT COPENHAGEN. EAST ASIATIC Company's annual report for the 80th year, 1976 compared to 1975, shows a considerable improvement with pre-tax profits reaching Dkr484m. in 1976 compared to Dkr314m. in the previous year.

Shaheen appeal date

BY LYNDON WATKINS HALIFAX, N.S. A NEW DATE has been set for that owned and operated the Newfoundland Supreme Court to hear the appeal by Shaheen Natural Resources of New York against the bankruptcy order made last year against two of its subsidiaries.

Market re-opens cautiously

BY DIANA SMITH. THE LISBON Stock Exchange resumed trading in company shares this week for the first time in almost three years. The Exchange is open an hour at a time, only three days a week. So far there have been no takers for the handful of shares offered at prices ranging from 20 to 85 per cent. less than their value on the day the market closed.

Eurofima raising Sw.Frs.70m.

BY PAULINE CLARK. EUROFIMA, the European railway financing organisation, is to raise Sw.Frs.70m. on the Swiss domestic bond market, bank sources in Zurich confirmed yesterday. The bond carries what the market views as a favourable coupon rate for the borrower of 4 1/2 per cent. with an issue price of 99.50 per cent. for 15 years and compares with recent Canton issues with coupons only 0.5 percentage points lower.

BONDTTRADE INDEX table with columns for Medium, Long, and Convertible, and rows for Thursday and Wednesday.

NDU growth

BY MICHAEL VAN OS. AMSTERDAM, March 3. NEDERLANDSE DAGBLAD DUNIE (NDU), a major Dutch publishing company whose daily newspapers and regional papers include Algemeen Dagblad and NRC-Handelsblad, reported a major profit growth and increased dividend for 1976.

Brazilian Investments S.A.

Net Asset Value per Depository Share as of 28th February 1977. U.S.\$8.82. Listed on the London Stock Exchange.

Rand Selection Corporation Limited

(Incorporated in the Republic of South Africa)

NOTICE OF GENERAL MEETING, CLOSING OF REGISTERS AND RECORD DATE FOR PROPOSED RIGHTS OFFER TO MEMBERS

Notice is hereby given that a general meeting of members of Rand Selection Corporation Limited will be held at 44 Main Street, Johannesburg on Friday March 25, 1977 at 10h30 for the following purposes: 1. To consider and if deemed fit to pass, with or without modification, the following resolution as a special resolution: (i) The conditions precedent to the registration of this resolution are that: (a) Anglo American Corporation of South Africa Limited ("AAC") shall have failed by May 7, 1977 or such later date as may be agreed between AAC and the corporation to make an offer to the corporation on behalf of all persons who shall have subscribed to the rights offer by the corporation, to issue shares in AAC in consideration of the cancellation of the rights of such persons to receive ordinary shares in the corporation; and (b) a certificate signed by a director of the corporation certifying that AAC failed to make such offer by May 7, 1977 or such later date as may be agreed between AAC and the corporation is attached to the copy of this resolution lodged for registration.

The Master Stockholder. Think of us as the tube buyer's department store.

Advertisement for TI Markland featuring a large illustration of a department store building and text listing features like 'Huge stocks', 'Wide range of products', and 'Good service'.

Handwritten Arabic text at the bottom of the page.

group 303m. for Irving

INDUSTRIAL AND COMPANY NEWS

Dividend restraint worry at Societe Generale

BY DAVID SUGHAN BRUSSELS, March 3. LATEST Belgian government moves to reduce the public ownership requirement...

JAPANESE COMPANIES

Scrip issues and higher dividend ahead from Nissan

TOKYO, March 3. NISSAN MOTOR maintains its expected domestic sales, while the profit rise reflects partly increased sales of high grade cars...

Higher profits at Canon Inc.

CANON INC. reports after-tax profit of ¥3,600bn (¥318m) for the year ended December 31, on sales of ¥103,090bn (¥75,050bn)...

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, March 2. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources...

Table with columns: Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Australia, Canada, France, Germany, etc.

SS-DEVELOPED COUNTRIES

Better flows of information

BY MARY CAMPBELL. CERN about commercial exposure to less developed countries (LDCs) expressed by last week by Mr. Arthur...

Teikoku profits rise

TEIKOKU OIL COMPANY reported that its net profit for the year ended December 31 rose by 54.8 per cent from a year earlier...

Denmark plans bond tax

OUR OWN CORRESPONDENT COPENHAGEN, March 3. DENMARK'S SOCIAL Democratic Party's Government has decided to introduce a coupon tax...

5,000,000 Shares

General Telephone & Electronics Corporation Common Stock

Advertisement for General Telephone & Electronics Corporation Common Stock, listing 5,000,000 shares and listing various financial institutions.

Denmark plans bond tax

OUR OWN CORRESPONDENT COPENHAGEN, March 3. DENMARK'S SOCIAL Democratic Party's Government has decided to introduce a coupon tax...

SELECTED EURODOLLAR BOND PRICES

Table with columns: Bond Name, Price, Bond Name, Price. Lists various Eurodollar bond prices like GNYTS, BNP, etc.

Advertisement for GTE (General Telephone & Electronics Corporation) featuring the GTE logo and contact information for various financial institutions.

The Property Market

BY QUENTIN GUIRDHAM

NatWest's property sums

The National Westminster Bank, like Barclays, has revalued its premises. This follows what calls more definite indications of property values which became evident, particularly in the second half of 1976. Those indications have not led to any further provisions on property letting.

Comparisons between the two internally conducted valuations are not possible, since Barclays had previously valued as long ago as 1969, while National Westminster had written up its values in 1973. That might alone be sufficient to explain why the Barclays exercise has produced a surplus of £57m, and National Westminster's a reduction of £50m. In addition, National Westminster is the clearer most heavily committed to branch business in the City of London and hence large premises there, and that is the area where the more startling readjustments to 1973 values would be necessary. Explaining its preliminary figures, the bank said that the £50m. write-down referred to London premises.

The £50m. will come off the revaluation surplus which had been showing £235m. on the bank's freehold properties. The total for freeholds in last year's accounts was £337m. at the 1973 valuation, plus £55.5m. for additions since then at cost on the bank's properties and a further £19.6m. at cost on recent group additions (the group taking in

operations like International Westminster Bank and Lombard North Central). National Westminster's accounting policy since 1973 has been to provide a 1 per cent. a year straight-line depreciation on its freeholds and with this, plus its £50m. down valuation, it now reckons that overall bank and market values should balance.

Neither the 1973 figures above nor the write-down cover developments. Three of these, all in London and with widely different histories, account for around £100m. of the bank's £180m. of current capital commitments. They are the Bishopsgate tower development, where there have been delays from both planning and the difficulty of the design (£100 a square foot building costs); the Courts redevelopment in the Strand, made costly by the conservation of the bank's "peppercorn" corners; and the Leman Street computer centre, which appears to be a model development programme with the bank anticipating getting 420,000 square feet net of debit and credit clearing operations in action by next year.

It will not be in the tower by then, not till the spring of 1979. The time taken on the building, which got its outline planning permission under the National Provincial in 1964, with demolition work starting in 1970 and construction the following year, is one element not taken into costs given this week—£72m. for the tower, before land costs and professional fees, equivalent after the bank's capital allowances, to £84m. net. Even with the not area of 814,000 square feet being but half the gross, a case can be made on a

current rentals of perhaps £15 a square foot or around £41m. for the building to represent a good investment at £54m. net. But including finance costs, and a site value which, while it only cost the bank £4m. over more than 100 years to acquire, must be reckoned at the commercial rate to give a true picture, it is no wonder that internal estimates are apparently giving a £17 to £19 a square foot rental value as the minimum, by the time it opens, for the tower to show anything like a proper return on capital.

No frozen rents frozen for MEPC

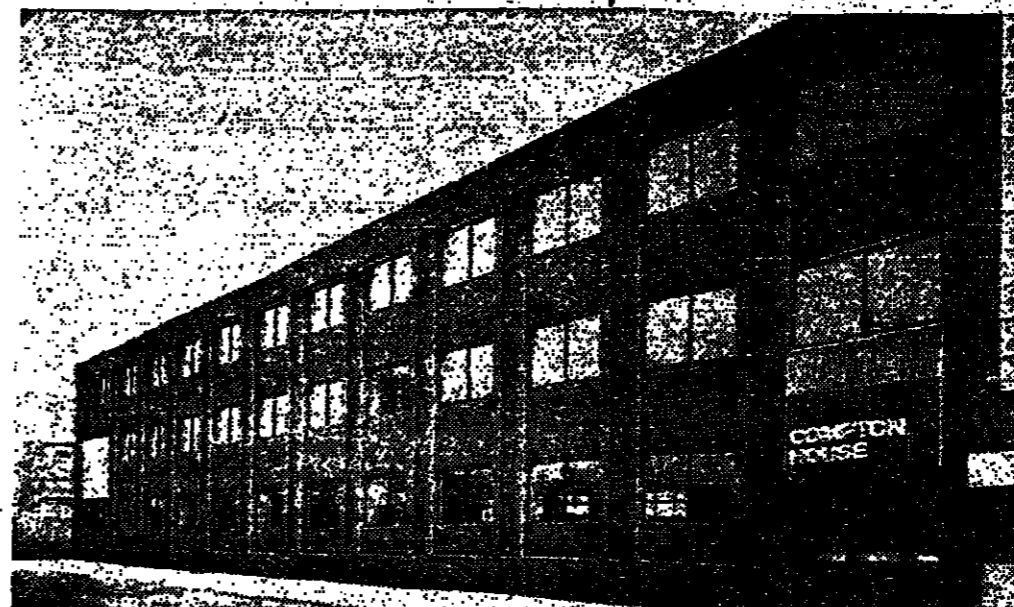
So there is to be no joy for MEPC and several other property companies, from the bright legal theory that the government, as a tenant, was not entitled to take advantage of the rent freeze. The cases MEPC had taken through the courts concerned offices at Keaysign House, Oxford Street, London, where the rent was rising from £39,690 to £369,500 a year and in North Audley Street, where the new rent agreed, but caught in the freeze, was £190,000 against £17,500. With these and other similar cases—the company seems to have been particularly untidy in the timing of its reviews on old government leases—MEPC might have had a windfall of £2m. Estimates for what other property companies would have gained vary widely. Perhaps about £10m. in all was held out no high hopes.

The Court of Appeal had found so strongly for MEPC that it only gave Whitehall permission to take the case to the Lords on condition that it pay the costs of both parties in the High Court and Court of Appeal, and pay its own costs, whatever the result, in the Lords.

The Lords have found, four-to-one, in favour of the Government, the Appeal Court having been three-to-one the other way. MEPC's consolation for getting the lawyers to make up their minds is that it only has to stand the costs of its own Lords appearance.

The main legal argument centred on whether the Crown and the Government can be regarded as the same thing, a point which might, apparently, provide difficulties with other legislation if the Appeal Court decision that the tenant was the Secretary of State and not the Crown was upheld. Other difficulties included whether Government was a "business" in the sense of the Counter-Inflation (Business Rents) Orders, and whether, anyway, the tenants (if you decided as the Lords did that the Government were not a business in this sense) were in occupation of the premises at the time. The Lords decision seems to indicate that the Department of the Environment was ruled as being in occupation, even though in Keaysign House, it had sub-let to the U.S. Navy during the relevant period, and in the North Audley Street offices the occupants were not the usual civil servants of the Crown but bodies like the Registrar of Friendly Societies and the National Ports Council.

Clearly it has been a case for expert constitutionalists. Maxwell Creasey of MEPC said yesterday that he would be going back to his set of experts to see if anything further could be done, but held out no high hopes.



Compton House, at Westgate, Leeds, an 18,245 sq. ft. office building on a former Smiths Industries factory site, was let to British Rail at £53,500 a year and has now been sold for £630,000. Developer-builder was Kenneth Needs (Contractors) and the buyer is the Grand Metropolitan Pension

Fund. The quoted yield of about 8 1/2 per cent. indicates the fringe location, though close to the local Post Office headquarters and the Yorkshire Post building. Smith Melzak and Co., Holte and Partners, and Norman Rourke and Partners acted for Kenneth Needs on both the letting and sale.

Thorpe's Leeds office acted for CUF and Peter F. Smith and Co. for the purchaser. The Imperial Group Pension Funds have bought from Central and Sherwood Group the freehold interest in a factory and two warehouse units (total 68,500 square feet) at Orchard Lane, East Molesey, Surrey. The rent totals £28,500 a year, with ICI among the tenants and Imps' funds paid over £1m. as well as deciding to finance a further unit of 29,000 square feet. Richard Ellis and Cooch and Wagstaff acted for the fund & with Leighton Goldhill and Partners acting for C. and S. Richard Ellis was also involved in selling Town and City's Albion Industrial Estate, Glasgow (total 38,500 square feet with a second phase of 54,500 square feet under construction). Buyer was ICFC Developments, represented by D. M. Hall and Son. And at Chandler's Ford Industrial Estate, Hampshire, City Offices Company has bought the freehold of a 24,000 square feet factory, let at £33,200. City Offices was represented by King and Co. and the sellers by Fox and Sons.

● A bit of a rent boost in East London: Bieckmann U.K., subsidiary of a Dutch freight forwarding group, has liked the Marston Trading Estate, Stratford, enough to pay £1.65 a square foot on 30,000 square feet. Conrad Phoenix and Connells Commercial were letting agents and Blackmann was introduced by Grant and Company. This is the first unit to go of the 116,000 square feet so far built, with another six acres left over. The estate has also been sold, with Conrad Phoenix acting for developers Keith Andrew and Company (London) and the insurance company backer, represented by Connells, now taking a sole interest in the investment put at £2m. Connells is now managing and sole letting agent on the estate.

OUT AND ABOUT

● The men of the moment at Leyland Cars Group have leased 78,500 square feet in Sun Alliance and London Insurance Group's elegant new office development at Broad Oaks, South-hull. That takes up the whole of the office centre on a four-acre landscaped site. The rent is £250,000 a year. Jones Martin Fleetwood acted for Sun Alliance.

● Just as the National Westminster Bank, having moved to new premises in the city has put

a branch in central Manchester there are indications that the market may be running a little better this year. In this case agents W. H. Robinson and Co. the area recently is offering for sale or let its former head office, including the former boardroom areas, are impressive. The quoted rent is £2.50 a square foot and presumably a sale price would be near £1m.

● Signs of the increased investment activity in the industrial market are the following deals announced this week: Commercial Union Properties has sold its Revie Road, Leeds, development (total 65,000 square feet) to a Scottish institution for around £800,000. Bernard

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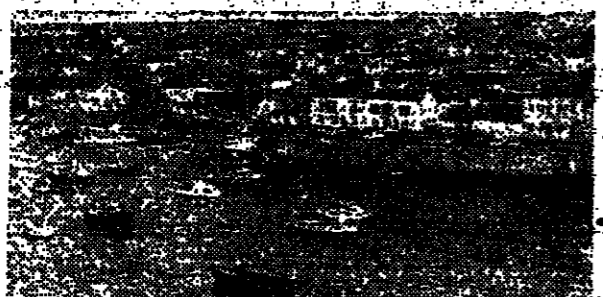
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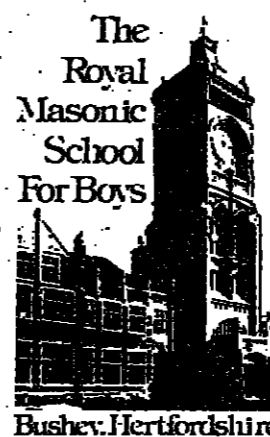
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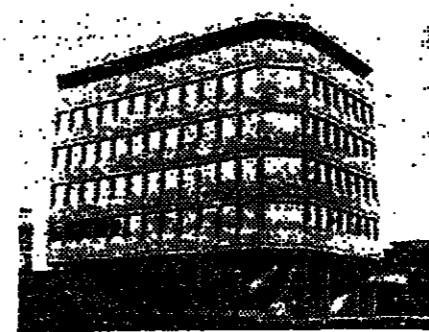
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Required by Subcontractor. Please write (or ring) to Messrs. J. A. Love & Simpson, Chartered Accountants, 20, Park Circus, Glasgow, G2 6BE.
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128 Wickham Road, West Wickham, Kent
01-777 2184

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APPOINTMENTS

INSTITUTIONAL SALES
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We have expanded our research coverage into the brewery sector and require an institutional salesman to market this research to U.K. institutions. Applicants should ideally be institutional salesmen and/or have analytical experience in breweries. Starting salary will be competitive and the opportunity for promotion reflecting the sector responsibility is excellent.

Applications will be treated in the strictest confidence and should include a curriculum vitae.

Please write to: Wallis Hunt—Staff Partner
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No. 1 Moorgate, London EC2R 6AA

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Some experience an advantage. Write Box A.5860, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES



BEARER DEPOSITORY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 13 January 1977, NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositories on or after 11 March 1977 against presentation to the Depository (as below) of Claim Forms (obtainable from the Depository) listing Bearer Depository Receipts.

Gross Distribution per Unit 4.00 cents
Less 16% US Withholding Tax 0.60 cents
= 3.40 cents per unit
= £0.019830 per Unit

Converted at \$1.7145

DEPOSITORY
National Westminster Bank Limited,
STOCK OFFICE SERVICES,
(2nd Floor)
41 LOTHBURY,
LONDON, E.C.2.

3 March 1977.

THE LOAN ASSOCIATION OF SEVEN MUNICIPALITIES OF GREATER COPENHAGEN 5% 1964/84 U.A.

Notice is hereby given that the amount redeemable on April 15, 1977 is U.S. \$49,000 was bought in the market.

Amount outstanding U.S. \$683,000.

Luxembourg, March 1, 1977.

THE TRUSTEE
KREDIETBANK
S.A. Luxembourg

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTICE TO HOLDERS OF ORDINARY SHARES

With reference to the notice of declaration of dividends advertised in the press of this company, the following information is published for holders of shares in the company.

TDK ELECTRONICS CO., LTD. (CDRS)

Referring to the advertisement dated 10th November, 1976, the under-

As from now against delivery of 10 CDRS, the price of the CDRS is 100 shares of TDK Electronics Co., Ltd. repr. 100 shares, cum. div. of 2.5 pence.

After April 15, 1977, the equivalent of the CDRS, which have not been claimed by the holders of div. CDRS, will be held in cash at the disposal of said holders.

AMSTERDAM, 1st March, 1977.
AMSTERDAM COMPANY N.V.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division

the Matter of MULGRAND LIMITED and in the Matter of The Companies Act, 1947.

NOTICE IS HEREBY GIVEN that the above-named company is being wound up.

Justice was on the 28th day of February 1977, presented to the said Court by the Registrar of Companies, London.

W.C.A. 211, on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on that behalf should appear at the time of hearing, in person or by his counsel.

Wm. F. Prior & Co., Solicitors for the Petitioner.

25/28, Fleet Street, London, EC4A 3AA.

Telex: 01-333 3571.

LONDON Agents for: WILSON & CO., 1, Chequer Drive, Great Missenden, Bucks.

Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the above-named petition, or to send by post to the above-named office in writing his intention so to do, the notice must state the name and address of the person, or if a firm the name and address of the firm, or his or their solicitor (if any), and must be served on or presented to the above-named office not later than four o'clock in the afternoon of the 1st day of April, 1977.

In the HIGH COURT OF JUSTICE Chancery Division

the Matter of MAYFAIR ARTISTS WRITERS ASSOCIATION and in the Matter of The Companies Act, 1947.

NOTICE IS HEREBY GIVEN that the above-named company is being wound up.

Justice was, on the 28th day of February 1977, presented to the said Court by the Registrar of Companies, London.

W.C.A. 211, on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on that behalf should appear at the time of hearing, in person or by his counsel.

Wm. F. Prior & Co., Solicitors for the Petitioner.

25/28, Fleet Street, London, EC4A 3AA.

Telex: 01-333 3571.

LONDON Agents for: WILSON & CO., 1, Chequer Drive, Great Missenden, Bucks.

Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the above-named petition, or to send by post to the above-named office in writing his intention so to do, the notice must state the name and address of the person, or if a firm the name and address of the firm, or his or their solicitor (if any), and must be served on or presented to the above-named office not later than four o'clock in the afternoon of the 1st day of April, 1977.

In the HIGH COURT OF JUSTICE Chancery Division

the Matter of PAUL ROBINSON ENTERPRISES LIMITED and in the Matter of The Companies Act, 1947.

NOTICE IS HEREBY GIVEN that the above-named company is being wound up.

Justice was on the 28th day of February 1977, presented to the said Court by the Registrar of Companies, London.

W.C.A. 211, on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on that behalf should appear at the time of hearing, in person or by his counsel.

Wm. F. Prior & Co., Solicitors for the Petitioner.

25/28, Fleet Street, London, EC4A 3AA.

Telex: 01-333 3571.

LONDON Agents for: WILSON & CO., 1, Chequer Drive, Great Missenden, Bucks.

Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the above-named petition, or to send by post to the above-named office in writing his intention so to do, the notice must state the name and address of the person, or if a firm the name and address of the firm, or his or their solicitor (if any), and must be served on or presented to the above-named office not later than four o'clock in the afternoon of the 1st day of April, 1977.

HOARE GOVETT LTD.

GILT EDGE DEPARTMENT

Hoare Govett Limited seek a first class mathematician to join their Gilt Edge Department.

The successful applicant will be responsible for the initiation of new ideas either on their own or in conjunction with the department, and must have the personality to discuss their ideas with investment managers. In addition they will be responsible for computer liaison and development within the department.

Experience of gilt edge business is essential.

This is a very responsible position and salary and bonus will reflect both the importance of the appointment and the value of existing experience.

Applications should be made to The Secretariat, Hoare Govett Limited, Atlas House, 1 King Street, London EC2V 8DU, and will be treated in the strictest confidence.

Banking Administrator (Retired?)

City £6000+

Our client seeks an experienced Banking Administrator to help with the collection of certain banking debts during 1977/78.

Experience in the collection and recovery of bank advances in a businesslike manner is essential. He or she will have to liaise with various agents and solicitors.

Age does not matter, but the appointment could interest those considering retirement, or recently retired. Salary around £6000 p.a. but could be more for the ideal person.

Applications in confidence with adequate career details to:

RNO's Personnel Services Division, Spicer and Pegler & Co, 3 Bevis Marks, London EC3A 7HL.

OIL/TANKER ECONOMIST

H.P. DREWRY (Shipping Consultants) Limited, publishers of reports on the economics of shipping, wish to recruit an experienced graduate aged around 25. The post being offered involves researching and writing (for publication) economic reports on tanker shipping and the provision of the oil and energy data for tanker consultancy reports. Candidates should be graduates in economics, ideally with a minimum of three years experience in the oil or tanker industries, and should have proven writing ability and basic statistical aptitude.

Please reply in writing, including full C.V. to:

Mr. A. B. Carpenter
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34 Brook Street, London W1Y 2LL
Tel: 01-429 5366

Commodity Vacancies METAL BROKER

Account executive with extensive current experience of the metal market, for respected metal traders. Ideally late 20s early 30s. 1,000 p.a.

Contact R. Walhead
CHARTERHOUSE APPOINTMENTS
01-436 2377

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young Graduate Chartered Accountant or stockbroker, is required by the Investment Division of a leading member of the Accepting Houses Institute. Knowledge of at least one European language would be an advantage. This would be a good prospect of career. Only first-rate applicants with a good examination record will be considered.

Please ring 01-639 5125 or write Baresford Associates Ltd., 43 Old Queen Street, London SW1H 9JA

EDUCATIONAL APPOINTMENTS

Portsmouth Polytechnic HEAD OF DEPARTMENT OF BUSINESS STUDIES

This post becomes vacant in September, 1977, on the retirement of the present incumbent. Applications are invited from candidates with high academic qualifications, substantial business and administrative experience, and an active interest in research.

Salary according to Burnham Scale Grade VI—£8,307 plus appropriate proportion of cost of living supplement to £9,913 per annum.

Further particulars and application forms may be obtained from the Staff Officer, Portsmouth Polytechnic, Alexandra House, Miseum Road, Portsmouth, PO1 2QQ, to whom completed applications should be returned by 28th March, 1977. Please quote ref. C48.

BUSINESS MANAGER

Required for an Arab magazine published in English. A minimum of five years in magazine marketing and advertising. Fluent Arabic/English and an intensive knowledge of Europe, the Far East and the Arab world essential. French an advantage. Preferred age 35-40. Salary negotiable.

Write in confidence enclosing C.V. to:
AL-HAWADES (U.K.) LTD.,
67, Southampton Row, London W.C.1.

INTERNATIONAL APPOINTMENTS

EUROBOND MARKET

Nesbitt, Thomson is seeking a Eurobond salesman for its Paris Office. Candidates, aged 25-40 should have a minimum of 2 years' experience in the Eurobond market, be self-starting and sales-orientated. Fluent French absolutely essential. Generous remuneration package commensurate with ability and experience.

Replies in confidence to J. B. Clark
Nesbitt, Thomson Limited,
1, Union Court, Old Broad Street,
London EC2N 1DY.

PORTFOLIO MANAGEMENT

Bank in French-speaking part of Switzerland is looking for highly-qualified Head of Portfolio Management Department. Candidate must have experience in similar position, be used to maintain contact with high-class private and institutional clientele. Must have perfect knowledge of securities markets. Should be fluent in French. Age 35-45. Work permit available.

Write Box A5856, Financial Times
10, Cannon Street, EC4P 4BY.

COMPANY ANNOUNCEMENTS

COYAL HARY B.S.C. (India) Ltd. has joined Industrial Diamond Co. Ltd. as a Director. Mr. H. B. Bhatnagar, Managing Director, will be based in London. Mr. H. B. Bhatnagar, Managing Director, will be based in London. Mr. H. B. Bhatnagar, Managing Director, will be based in London.

COMPANY NOTICES

TDK ELECTRONICS CO., LTD. (CDRS) The undersigned, who holds the CDRS of TDK Electronics Co., Ltd. nominating 1,000 shares of Yen 50,— or 10% of the issued share capital of the company, hereby give notice that the said CDRS are being transferred to the undersigned.

PUBLIC NOTICES

CITY OF NORWICH £850,000 bills issued 2nd March 1977 due 15th June 1977 at 10%. Applications invited £4.25m. £850,000 bills outstanding.

ASSA AKTIEHOLAG

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of the above-named company will be held on Friday, March 18, 1977, at 12.15 p.m. at the premises of the company, 1, Victoria Road, London E.C.1.

MONO CONTAINERS LIMITED

NOTICE IS HEREBY GIVEN that the AGM of the Company will be held on Friday, March 18, 1977, at 12.15 p.m. at the premises of the company, 1, Victoria Road, London E.C.1.

NU-SWIT INDUSTRIES LTD.

NOTICE IS GIVEN that the AGM of the Company will be held on Friday, March 18, 1977, at 12.15 p.m. at the premises of the company, 1, Victoria Road, London E.C.1.

HOME NEWS

Letter rate likely to increase soon

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST OFFICE is expected to apply to the Price Commission soon for an increase in first and second class letter rates and parcel charges.

Letter rates are expected to rise by 4p to 9p for first class and 7p for second class. Parcel charges may rise by between 15 and 20 per cent. If the application is approved, the increases will probably be implemented in June.

By the end of this month letter rates will have been increased by 15 months and it had been expected that the Post Office would apply for an increase to coincide with the beginning of the next financial year on April 1.

The timing of the increase has been delayed during discussions between the corporation and the Department of Industry. This week the latest set of special issue stamps, celebrating the Queen's Silver Jubilee, were announced—to go on sale from May 1—and the first class stamp has been printed at the present rate of 8p.

Unusually for a special issue

Consumer group attacks unions over posts Act

BY KEVIN DONE, INDUSTRIAL STAFF

PROPOSALS by the postal unions for amending the obligations imposed on their members by the Posts Act have been condemned by the Mail Users' Association.

Possible amendments have been suggested in the wake of the unions' attempt to boycott postal and telephone communications with South Africa which was successfully halted by a temporary injunction granted by the Court of Appeal.

The association supports the idea of balancing duties (the Post Office's universal obligation to provide certain services) against the privilege (the letter service monopoly) which has long been accepted by Government and the Post Office.

The association supports the monopoly on the grounds that the letter service is a public utility and large-scale competition would be uneconomic.

It adds, however: "It would be totally inequitable if the Post Office, its employees and servants were to be relieved of any of their obligations to carry out their duties without corresponding reduction in the monopoly."

It would be wholly unjust if any group operating within the Post Office could, in effect, say to a specific user: "You have no alternative to using our services, but we will decide whether or not to supply them."

"It would be tragic if such a state of affairs was brought about since the prospects of the postal business are better now than they have been for a number of years."

Executive posts in Barclays group

Mr. Deryk Weyer, a vice-chairman of Barclays Bank, and Mr. C. R. W. Troughton, a director of Barclays Bank U.K. Management, have been appointed to directorships of BARCLAYS BANK INTERNATIONAL.

Mr. Tom Lawson has been appointed president of EMI TECHNOLOGY INC. He will be based at Danbury and report to Mr. Stanley A. Grand, chairman of that company. Since 1974, Mr. Lawson has been a management consultant to high technology companies.

Mr. Peter Norfolk has been appointed financial controller of the RANK ORGANISATION and Mr. Peter Blood has joined the company as corporate planning manager.

Mr. J. L. Hoffmann has been appointed a non-executive director of WOODHOUSE & RIXSON (HOLDINGS).

Mr. Geoffrey Kitchen has joined the Boards of TRIDENT LIFE ASSURANCE and TRIDENT GENERAL INSURANCE, members of the Schlesinger Group.

Dr. John Watkinson, director of operations staff, Plessey Corporate Star, is to become deputy chairman and managing director of PLESSEY AEROSPACE and deputy chairman of PLESSEY HYDRAULICS. The function of director of operations staff will be to coordinate the company's dynamics division is now abolished with the creation of product subsidiaries.

Mr. R. J. East, corporate staff director, group supplies, of GUEST KEEN & NETTLEFOLDS, has been appointed a director, and Mr. GUEST KEEN & NETTLEFOLDS, has been appointed an executive director, of BLAND PAYNE (MARINE).

CONTRACTS AND TENDERS

CONSTRUCTION EQUIPMENT FOR IRAQ

Bids are invited from manufacturers for supply of machinery and equipment for the K-2 Drainage and Irrigation Canal and Land Levelling Project located at Lower Khafis, Iraq consisting of Scrapers, Bulldozers, Draglines, Graders, Concrete Mixers, Vibrators, Rollers, Mobile Cranes, Vehicles, Batching Plant, Sand and Gravel Washing Plant, Compressors, Generators, Service Shops, Tractors, and Trailers, Lasers, Canal Forming and Lining Machines, Ditchers and Tile Layers, etc., in accord with the M.C.P. Standardised List of Approved Makers.

Tender documents with specifications may be purchased from the M.C.P. Purchasing Agent, ACME Ltd., P.O. Box 1561, Grand Cayman, Cayman Islands, B.W.I., or ACME Corporation, 505 White Plains Road, Tarrytown, New York 10591, U.S.A., TWX: 710 567 1240; Telephones (914) 631 3303 & 3308 for the sum of US\$100.00 before March 28th, 1977.

By order of the Board
Mechanised Construction of Pakistan Ltd.,
Baghdad, Iraq. February 5th, 1977

Interlaken Jungfrau Bernese Oberland Playground of Europe SWITZERLAND

Send this coupon for information and free brochures to Tourist Office CH-3900 Interlaken

FARMING AND RAW MATERIALS

steep rise in timber import bill

Peter Bullen

STAIN SPENT more than £10m on imported timber last year, the Timber Merchants' Association said today.

Commenting on figures from the Department of Trade and Industry, Mr. Brian Bell, for the TMO, said it was the first time that the £20m had been spent since 1964. The association had spent £4m on the imports in 1975. This staggering figure has reached in spite of the recession and low demand, particularly in the building industry. These figures are surely alerting the Government and politicians of all shades to the need for a stable expanded British forestry industry as a matter of national policy," he said.

At the moment the Chancellor is studying a draft drawn up by a Whitehall committee chaired by the Treasury which is aimed at recommending a range of grants and subsidies to encourage increased planting of commercial woodlands in the country.

Reduced demand cuts British bacon prices

BY RICHARD MOONEY

SOME RETAILERS could be offering bacon rashers at up to 7p a pound below this week's levels from Monday. This follows a 50p-a-tonne cut in first-hand prices by British, Irish and Ulster curers, FMC, Britain's biggest curer, is now quoting an AI price of £885 a tonne, while Irish special "A" and Ulster AI descriptions are offered at £840 a tonne.

Large quantities of home-produced bacon have been sold to the trade at substantial discounts in recent weeks, however, and retailers who have been offering bacon at these discounted levels may not be able to cut prices significantly.

Nearly 20 per cent of British bacon has been traded recently as low as £770 a tonne against a first-hand "board" price of £865, and this selling level is not expected to be affected much by the latest official reductions.

Gammone and fore-end cuts are not likely to be much reduced but middle rashers could be as much as 8p a pound cheaper and back rashers up to 7p a pound cheaper in shops where recent price levels have reflected the full price of British bacon. "Housewives will never see bacon at these prices again," FMC said.

February and March are traditionally the weakest months of the year for bacon demand but this year's performance seems even worse than usual. Some trade sources suggested that the circumstances British curers have been unwise to try and match Danish price levels. Some British curers may be able to turn out more good as the Danes but until an equivalent advertising effort is mounted they cannot expect to command equivalent prices.

Recent milder weather has led to an easier supply situation for home-produced vegetables, according to the Fresh Fruit and Vegetable Information Bureau. At 20p-30p each cauliflower prices are back to last year's level.

Tim market surges to new peak

By John Edwards

TIN PRICES advanced strongly to new all-time peaks on the London Metal Exchange yesterday, with the cash price closing £122.5 higher at £6,265. The market was held in a quiet quotation breathing the £2,400 mark for the first time ever.

The London market opened higher encouraged by a rise to record levels in Penang, when the market there reopened after a day's holiday closure. Once a previous barrier for three months tin at 6,300 was broken through, prices moved up rapidly reaching £6,440 on the late afternoon.

Other London Metal Exchange markets were subdued. Lead values closed only slightly higher, after some substantial profit-taking sales. Copper ended the day lower, despite an announcement by Kennecott that it was following the lead in the U.S. market by raising its U.S. domestic price by 2 cents to 71 cents a lb in contrast to the 2 cents increase by other producers.

Zinc also closed slightly higher although there were rumours of possible rise in the European producer's price. The International Tin Council meeting in London debating the producers' proposal for a regular and systematic review of the Tin Agreement was continuing.

Prices were continuing to rise last night with agreement announced. The rise was due to end last night, but it is believed the producers' proposals aroused strong opposition.

EEC membership not such a problem

BY PETER BULLEN

INCREASES in costs especially fuel. For the non-edible sector of horticulture which produces hardy nursery stock, flowers and bulbs, the full impact of the financial squeeze on local authority demand was yet to be fully felt.

Although horticulture was essentially an entrepreneurial industry, it looked to the Government for a policy framework in which it could grow stronger, respond to market demands and improve efficiency without inhibiting its essential freedom of individual decision.

For its part, said the Minister, the Government was determined to see the principle of fair competition between EEC countries was fully applied. On the domestic front, it would continue to support the horticultural industry through research, development and advisory services and by providing capital grants at favourable rates.

"To sum up, the Government's aim is to see a continuing viable and economic industry, making its contribution to our balance of payments, and to the best use of our own resources," Dr. Strang added.

"I believe that the industry can, in fair competition, hold its place in a market in which U.K. supplies and requirements will increasingly be a part of Community supplies and requirements. Essentially, this is determined by the skill and efforts of the industry itself, but the Government too, has a role to play."

Dr. Gavin Strang

Dr. Strang, who was speaking about the strategy for horticulture at the British Growers' Look Ahead conference at Harrogate, Yorkshire, said the Government and the farmers' unions had recently conducted a review of the industry beginning with a detailed technical appraisal of all the main sectors.

"The picture that emerged was considerably more encouraging than the one that had been painted in the reports of the Economic Development Committee for Agriculture, made on the eve of our accession to the EEC," said Dr. Strang.

"To some extent, this is due to the considerable competitive advantage which the decline in the value of sterling has given to home producers over foreign suppliers.

"But it is also due to the resilience and flexibility with which our own growers have met the challenges of the new situation."

Among the many points thrown up by the technical review were the need for a system of export quotas according to the EEC Commission.

The Community is not a member of the present sugar agreement which came into force on January 1, 1974, but which has no economic clauses. The 1977 farm prices have not yet been determined.



Dr. Gavin Strang

Indian jute sales improve

Our Own Correspondent

CALCUTTA, March 3. LATEST domestic and export figures issued by the jute industry show a steady sustained improvement in outlook for the Indian industry.

It would seem the depression is over and production problems in the near term may be averted more by power supply labour troubles rather than by end-product shortages.

Supply to the mills in West Bengal is already erratic making it difficult for the mills to raise output in line with rising raw jute prices for raw jute are causing serious concern.

Prices for the industry's raw jute stocks have fallen significantly to around 100,000 tonnes by mid-February, compared with 170,000 tonnes six months ago.

Production has steadily risen to nearly 110,000 tonnes annually from around 80,000 six months ago.

Exports have risen to 55,000 tonnes compared with 35,000 tonnes six months ago, export shipments to 45,000 tonnes against 40,000 tonnes last August.

U.S. may back commodity pacts

BY DAVID SEL

THE CARTER ADMINISTRATION is considering throwing its weight behind a number of international commodity agreements as the first stage in its declared policy of reducing the volatility of sudden market price fluctuations.

Among the commodities currently being considered for such agreements are natural rubber, cocoa and copper. The new Administration is also taking a close look at ways to improve the working of the International Tin Agreement and also the coffee agreement, both of which have come under extreme pressure in the past few months.

Sources in the Administration say that, for the moment at least, there is very little interest in the UNCTAD idea of a commodity pact covering the U.S. and either to develop new sources of commodities or to back price stabilisation programmes. It is felt that there is no point in pressing ahead with the fund at least until there are a much greater number of effective individual commodity agreements in place.

Closely connected with this new interest has been the initiative by Mr. Bob Bergland, the U.S. Agriculture Secretary, who has been pushing for an international agreement on wheat prices between the U.S. and Canada, which together produce some 75 per cent of the West's supplies.

It is recognised here that up to now the very few individual commodity agreements that have been signed have not worked very well but the new Administration clearly intends to be much more successful than its predecessor. The Ford Administration expressed some support for agreements in principle but tended to reject them when it came to considering actual proposals.

By contrast, the Carter international economic policy making group is interested in agreements in the case of "technically feasible and economically sensible" commodities and intends, in the words of one official, to be "positive and constructive" about them in the months ahead.

The largest question mark over this new approach, of course, must be the attitude of Congress which tends to be wary of such agreements and will want to examine them closely.

Rubber stocks may be cut

SINGAPORE, March 3.

SEASONAL WINTERING each year of rubber trees, which reduces output for a period, is beginning to affect peninsular Malaysian rubber estates, especially in the north, according to trade and estate industry sources.

They added that production of seasonal fall in production was helping to build up stocks over the past three months.

First indications of "wintering" were reported in the Northern States in the past two weeks—slightly earlier than in the past.

The most recent statistics for stocks in peninsular Malaysia and Singapore for end-November last year show they rose to 270,638 tonnes from 255,624 at end-October.

East Europe may sow more sugar beet

RATZBURG, March 3.

THE TOTAL AREA sown to sugar beet in Europe in 1977 will be 7,998,000 hectares from 7,937,000 in 1976, forecasts F. O. Licht, the sugar statistical authority, in its first estimate.

The preliminary forecast said the total area sown in Western Europe will fall to 2,644,000 hectares (including 1,842,000 for EEC countries) against 2,575,000 in 1976. In Eastern Europe sowings will rise to 5,354,000 hectares from 5,241,000.

Licht said the European figure was only a preliminary estimate and particularly as EEC decisions on 1977 farm prices have not yet been made.

This applies above all to France, where the acreage is not yet officially fixed, although a decrease is generally expected.

Earlier Reuter reported from Brussels that the Common Market should take part in next month's negotiations for an international sugar agreement.

But it would not accept a system of export quotas according to the EEC Commission.

The Community is not a member of the present sugar agreement which came into force on January 1, 1974, but which has no economic clauses. The 1977 farm prices have not yet been determined.

Warning on dirty grains

WASHINGTON, March 3.

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Warning on dirty grains

WASHINGTON, March 3.

their complaints involving the poor record of U.S. grain exports. Congress passed a new law last year requiring Federal takeover of export inspections. Mr. Bergland said: "I've issued orders throughout the grain trade that say 'Look, you fool around with us and you're going to wind up in jail and they know that.'"

"That really serves notice on them. They don't mind paying a big fine, but when they've got to think about serving five years in the pen that's another matter," AP-D.

COMMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Price	Change
Gold	per ounce	375.00	+0.25
Silver	per ounce	10.00	+0.05
Copper	per lb	1.50	+0.01
Aluminum	per lb	0.25	+0.005
Zinc	per lb	0.15	+0.002
Lead	per lb	0.10	+0.001
Nickel	per lb	0.12	+0.001
Iron	per ton	100.00	+0.50
Steel	per ton	80.00	+0.20
Wool	per lb	1.20	+0.01
Grain	per bushel	1.50	+0.02
Oil	per barrel	15.00	+0.10
Sugar	per lb	0.15	+0.005
Coffee	per lb	0.20	+0.005
Tea	per lb	0.10	+0.002
Spices	per lb	0.05	+0.001
Textiles	per lb	0.02	+0.0005
Metals	per lb	0.01	+0.0002
Chemicals	per lb	0.03	+0.001
Pharmaceuticals	per lb	0.04	+0.001
Foodstuffs	per lb	0.02	+0.0005
Animal products	per lb	0.01	+0.0002
Minerals	per lb	0.01	+0.0002
Energy	per barrel	15.00	+0.10
Electricity	per kWh	0.05	+0.001
Water	per gallon	0.01	+0.0002
Real estate	per sq ft	1.00	+0.01
Transportation	per ton-mile	0.01	+0.0002
Insurance	per \$100	0.01	+0.0002
Banking	per \$100	0.01	+0.0002
Stocks	per share	10.00	+0.50
Bonds	per \$100	100.00	+0.50
Commodities	per \$100	100.00	+0.50

FOOD PRICE MOVEMENTS

Commodity	Unit	Price	Change
Wheat	per bushel	1.50	+0.02
Barley	per bushel	1.20	+0.01
Oats	per bushel	1.00	+0.01
Rice	per cwt	2.00	+0.05
Maize	per bushel	1.30	+0.02
Soybeans	per bushel	1.80	+0.03
Beans	per bushel	1.60	+0.02
Peas	per bushel	1.40	+0.02
Lentils	per bushel	1.30	+0.02
Flour	per cwt	3.00	+0.05
Wheat meal	per cwt	2.50	+0.04
Wheat bran	per cwt	1.50	+0.02
Wheat shorts	per cwt	1.20	+0.02
Wheat middlings	per cwt	1.80	+0.03
Wheat germ	per cwt	1.00	+0.02
Wheat hulls	per cwt	0.80	+0.01
Wheat straw	per ton	10.00	+0.50
Wheat chaff	per ton	8.00	+0.40
Wheat screenings	per ton	6.00	+0.30
Wheat dust	per ton	4.00	+0.20
Wheat shorts	per ton	3.00	+0.15
Wheat middlings	per ton	4.00	+0.20
Wheat germ	per ton	2.00	+0.10
Wheat hulls	per ton	1.50	+0.07
Wheat chaff	per ton	1.00	+0.05
Wheat screenings	per ton	1.50	+0.07
Wheat dust	per ton	1.00	+0.05
Wheat shorts	per ton	0.75	+0.04
Wheat middlings	per ton	1.00	+0.05
Wheat germ	per ton	0.50	+0.02
Wheat hulls	per ton	0.35	+0.01
Wheat chaff	per ton	0.25	+0.01
Wheat screenings	per ton	0.35	+0.01
Wheat dust	per ton	0.25	+0.01
Wheat shorts	per ton	0.18	+0.009
Wheat middlings	per ton	0.25	+0.01
Wheat germ	per ton	0.12	+0.006
Wheat hulls	per ton	0.09	+0.004
Wheat chaff	per ton	0.06	+0.003
Wheat screenings	per ton	0.09	+0.004
Wheat dust	per ton	0.06	+0.003
Wheat shorts	per ton	0.04	+0.002
Wheat middlings	per ton	0.06	+0.003
Wheat germ	per ton	0.03	+0.001
Wheat hulls	per ton	0.02	+0.001
Wheat chaff	per ton	0.01	+0.0005
Wheat screenings	per ton	0.02	+0.001
Wheat dust	per ton	0.01	+0.0005
Wheat shorts	per ton	0.007	+0.0003
Wheat middlings	per ton	0.01	+0.0005
Wheat germ	per ton	0.004	+0.0002
Wheat hulls	per ton	0.003	+0.0001
Wheat chaff	per ton	0.002	+0.0001
Wheat screenings	per ton	0.003	+0.0001
Wheat dust	per ton	0.002	+0.0001
Wheat shorts	per ton	0.001	+0.00005
Wheat middlings	per ton	0.001	+0.00005
Wheat germ	per ton	0.0005	+0.00002
Wheat hulls	per ton	0.0003	+0.00001
Wheat chaff	per ton	0.0002	+0.00001
Wheat screenings	per ton	0.0003	+0.00001
Wheat dust	per ton	0.0002	+0.00001
Wheat shorts	per ton	0.0001	+0.000005
Wheat middlings	per ton	0.0001	+0.000005
Wheat germ	per ton	0.00005	+0.000002
Wheat hulls	per ton	0.00003	+0.000001
Wheat chaff	per ton	0.00002	+0.000001
Wheat screenings	per ton	0.00003	+0.000001
Wheat dust	per ton	0.00002	+0.000001
Wheat shorts	per ton	0.00001	+0.0000005
Wheat middlings	per ton	0.00001	+0.0000005
Wheat germ	per ton	0.000005	+0.0000002
Wheat hulls	per ton	0.000003	+0.0000001
Wheat chaff	per ton	0.000002	+0.0000001
Wheat screenings	per ton	0.000003	+0.0000001
Wheat dust	per ton	0.000002	+0.0000001
Wheat shorts	per ton	0.000001	+0.00000005
Wheat middlings	per ton	0.000001	+0.00000005
Wheat germ	per ton	0.0000005	+0.00000002
Wheat hulls	per ton	0.0000003	+0.00000001
Wheat chaff	per ton	0.0000002	+0.00000001
Wheat screenings	per ton	0.0000003	+0.00000001
Wheat dust	per ton	0.0000002	+0.00000001
Wheat shorts	per ton	0.0000001	+0.000000005
Wheat middlings	per ton	0.0000001	+0.000000005
Wheat germ	per ton	0.00000005	+0.000000002
Wheat hulls	per ton	0.00000003	+0.000000001
Wheat chaff	per ton	0.00000002	+0.000000001
Wheat screenings	per ton	0.00000003	+0.000000001
Wheat dust	per ton	0.00000002	+0.000000001
Wheat shorts	per ton	0.00000001	+0.0000000005
Wheat middlings	per ton	0.00000001	+0.0000000005
Wheat germ	per ton	0.000000005	+0.0000000002
Wheat hulls	per ton	0.000000003	+0.0000000001
Wheat chaff	per ton	0.000000002	+0.0000000001
Wheat screenings	per ton	0.000000003	+0.0000000001
Wheat dust	per ton	0.000000002	+0.0000000001
Wheat shorts	per ton	0.000000001	+0.00000000005
Wheat middlings	per ton	0.000000001	+0.00000000005
Wheat germ	per ton	0.0000000005	+0.00000000002
Wheat hulls	per ton	0.0000000003	+0.00000000001
Wheat chaff	per ton	0.0000000002	+0.00000000001
Wheat screenings	per ton	0.0000000003	+0.00000000001
Wheat dust	per ton	0.0000000002	+0.00000000001
Wheat shorts	per ton	0.0000000001	+0.000000000005
Wheat middlings	per ton	0.0000000001	+0.000000000005
Wheat germ	per ton	0.00000000005	+0.000000000002
Wheat hulls	per ton	0.00000000003	+0.000000000001
Wheat chaff	per ton	0.00000000002	+0.000000000001
Wheat screenings	per ton	0.00000000003	+0.000000000001
Wheat dust	per ton	0.00000000002	+0.000000000001
Wheat shorts	per ton	0.00000000001	+0.0000000000005
Wheat middlings	per ton	0.00000000001	+0.0000000000005
Wheat germ	per ton	0.000000000005	+0.0000000000002
Wheat hulls	per ton	0.000000000003	+0.0000000000001
Wheat chaff	per ton	0.000000000002	+0.0000000000001
Wheat screenings	per ton	0.000000000003	+0.0000000000001
Wheat dust	per ton	0.000000000002	+0.0000000000001
Wheat shorts	per ton	0.000000000001	+0.00000000000005
Wheat middlings	per ton	0.000000000001	+0.00000000000005
Wheat germ	per ton	0.0000000000005	+0.00000000000002
Wheat hulls	per ton	0.0000000000003	+0.00000000000001
Wheat chaff	per ton	0.0000000000002	+0.00000000000001
Wheat screenings	per ton	0.0000000000003	+0.00000000000001
Wheat dust	per ton	0.00000000	

STOCK EXCHANGE REPORT

Absence of MLR cut disappoints and equities fade Index still 2.1 up at 412.7 after 415.4—Gilts a shade lower

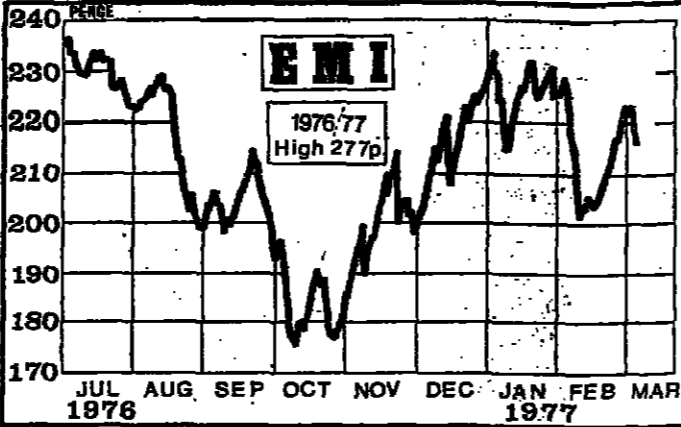
Account Dealing Dates
*First Declara- Last Account
Dealings Decls Dealings Day
Feb. 14 Feb. 24 Mar. 1 Mar. 2

shares eased slightly on profit-taking after news of the result of Wednesday's IMF gold auction and the Gold Mines index shed 2.1 to 131.5.

Gilts move marginally
A forward movement early in the day in British Funds owed all to optimism about the effect of a fall in Minimum Lending Rate being announced in the early afternoon.

Press comment on the investment into the industry's pricing structure was little impact on Breweries which closed with small gains following a quiet trade.

Swan Hunter rose 7 more to 717 after 72p. Yarow improved 3 to 171p as did Robb Caledon to 86p, after 70p.



Money market appears on Page 29

Money market appears on Page 29
The day in the investment currency market was again uneventful and in this trading session the pound advanced back to 104 pence, before reverting on sporadic late demand, to the overnight closing level of 103 1/2 pence.

Banking
The volume of trade in the big four banks improved considerably as buyers came for Midland in the hope that it will emulate National Westminster's recovery.

Racial wanted
The rights issue from Real Ventures came as no great surprise after news of its recent large U.S. acquisition.

BTR feature
The miscellaneous industrial leaders made headway yesterday, although prices were often below the best. Gains of 10 were moved by Metal Box, 23p, after 22p.

Gold reacts
The reaction of South African gold to the outcome of the International Monetary Fund auction was one of mild disappointment.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Sec., Fixed Interest, Industrial Ordinary, Gold Mines, etc. Values are listed for various dates.

HIGHS AND LOWS

Table showing Highs and Lows for various indices like Govt. Sec., Fixed Int., Ind. Ord., and Gold Mines.

S.E. ACTIVITY

trading to close in balance at \$144.875.
After opening around day's level, share prices eased owing to profit-taking and local sources.

ENTERTAINMENT GUIDE

Entertainment Guide listing various theatres, operas, and musicals with showtimes and descriptions.

RECENT ISSUES

Recent Issues section containing tables for Equities, Fixed Interest Stocks, Rights Offers, and Active Stocks.

FT—ACTUARIES SHARE INDICES

FT—Actuaries Share Indices section containing tables for Equity Groups, Fixed Interest, and Options Traded.

AUTHORISED UNIT TRUSTS

John... 39

Table of Unit Trusts (left column), listing various funds like 'Confederation Funds', 'Henderson Administration', and 'London Valley' with their respective performance metrics.

Main table of Unit Trusts (right column), listing funds such as 'National Provident Inv. Mgrs. Ltd.', 'Royal Tel. Can. Fd. Mgrs. Ltd.', and 'Target Tel. Mgrs. Ltd.' with detailed financial data.

Table of Base Lending Rates, listing various banks and their current lending rates, including 'N.B. Bank', 'Irish Bank', and 'Royal Bank'.

Table of Insurance, Property, and Bonds, listing various insurance companies and their policies, including 'Abbey Life Assurance Co. Ltd.', 'Charlton Japhet Life Ass. Co. Ltd.', and 'Hambro Life Assurance Co. Ltd.'.

Table of Insurance Base Rates, listing rates for 'Property Growth' and 'Cannon Assurance'.

Table of Offshore and Overseas Funds, listing various international investment funds like 'Aurthur Securities (C.I.) Limited', 'Charlton Japhet', and 'G.T. Bermuda Ltd.'.

Advertisement for 'SEE PORSCHE'S NEW PORSCHE' featuring a large image of a Porsche car and promotional text.

Advertisement for 'SAUNTON hotel' featuring a large image of the hotel building and text describing its amenities and location.

NOTES section with various financial notes and updates.

MEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yield.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Stock, Price, Div, and Yield.

Five to Fifteen Years

Table of Medium-term investments with columns for Stock, Price, Div, and Yield.

Over Fifteen Years

Table of Long-term investments with columns for Stock, Price, Div, and Yield.

Unlisted

Table of Unlisted investments with columns for Stock, Price, Div, and Yield.

INTERNATIONAL BANK

Table of International Bank investments with columns for Stock, Price, Div, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, Div, and Yield.

LOANS (Miscel)

Table of Miscellaneous Loans with columns for Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY - Continued

Table of Building Industry stocks with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES - Continued

Table of Drapery and Stores stocks with columns for Stock, Price, Div, and Yield.

ENGINEERING - Continued

Table of Engineering stocks with columns for Stock, Price, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks with columns for Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Stock, Price, Div, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks with columns for Stock, Price, Div, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools stocks with columns for Stock, Price, Div, and Yield.

Hire Purchase, etc.

Table of Hire Purchase and other services with columns for Stock, Price, Div, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel)

Table of Industrial (Miscellaneous) stocks with columns for Stock, Price, Div, and Yield.

INDUSTRIALS

Table of Industrial stocks with columns for Stock, Price, Div, and Yield.

INDUSTRIALS

Table of Industrial stocks with columns for Stock, Price, Div, and Yield.

Main table of stock prices and market data on the right side of the page.

Handwritten text at the bottom of the page: مکتوب من لاهور

FAG keep things rolling

BELL'S SCOTCH WHISKY

Callaghan opens devolution talks with Steel

By Richard Evans, Lobby Editor

THE INTER-PARTY TALKS over the future of the Government's devolution legislation...

Mr. Callaghan will meet Mrs. Margaret Thatcher and Mr. Francis Pym...

Mr. Foot, the Minister with responsibility for devolution...

Ministers still hope that the exploratory talks will allow the legislation to be reintroduced...

Mr. Callaghan's letter of invitation to Mrs. Thatcher was phrased deliberately in conciliatory terms...

This will be quite unacceptable to the Tories, who will insist that the Bill be dropped...

Mr. Steel and Mr. Callaghan spent 40 minutes discussing devolution at the Commons...

The two concessions considered most necessary by the Liberals are powers of taxation for the Scottish Assembly...

When Mr. Foot announced next week's Commons business to MPs a gasp went up at the lack of legislation of substance...

Minor Bills Because of the Government's inability to get controversial legislation through the Commons without an overall majority...

Shelving of devolution legislation makes it more difficult for the Government to use the crowded timetable as an excuse to delay introduction of the Bill...

A White Paper is due out later this month and the Cabinet will then have to take a decision on legislation to enable direct elections by the target date of May or June 1978.

Bank hint to slow interest rate fall

By Michael Blandon

THE BANK OF ENGLAND yesterday renewed its signals to the money market indicating its wish for continued moderation in the downward trend of short-term interest rates.

The move disappointed earlier hopes that the Bank would announce a cut in its official Minimum Lending Rate.

It is now expected that the rate will remain at 12 per cent, with the normal formula linked to the average rate at the Friday Treasury bill tender remaining suspended.

There has been speculation since the week with the more settled conditions in the money and exchange markets, the authorities might decide to bring the official rate closer to the market levels.

The Bank's action took the usual form of forcing some of the discount houses to borrow funds for seven days at the penal MLR.

The move brought a setback in gilt-edged prices, which had improved in hopes of an MLR offset during the morning, but ended with some scattered losses at the close.

Lonrho's Sudan sugar plan cost doubles to £294m.

BY JAMES BUXTON AND MARGARET REID

Lonrho, which conceived and financed the Kenana sugar scheme in the Sudan, will face a year.

A plan expected to be discussed at the Khartoum meeting is for a substantial increase in the Kenana share capital from £100m. to £260m.

Further stakes of 21 per cent each are held by the Japanese company Nishio Iwai and by Gulf Fisheries, which is owned by Sheikh Nasser Sabah Al Ahmed of Kuwait, a former Lonrho director.

The Kenana project, one of the world's largest for sugar production, is expected to be given the go-ahead essentially as it was conceived originally, despite the cost over-run.

Soft loans on favourable terms of some \$100m-\$150m are expected to be sought from Arab funds to help finance the anticipated extra expense of the venture.

When completed, it is expected to produce 350,000 tons of sugar a year.

But the Arab Investment Commission has apparently reaffirmed its faith in the project. The scheme is, therefore, still considered viable and is likely to go ahead as originally conceived, but with some modifications in the way it is implemented.

Because of the recent fall in the world sugar price, dividends are not now expected to be paid for ten years, rather than five, as earlier anticipated.

Export credits should provide \$150m. of the finance needed on top of the projected increase in share capital of \$260m.

The \$100m-\$150m soft loans to be sought from Arab and international financial institutions would bring the total to well over \$300m.

The soft loans would be used principally for such areas as providing housing for the workers on the project and for infrastructure work, including irrigation.

Sources close to the Arab Investment Company stress that there is to be a different approach to the detailed implementation of the Kenana scheme. It is not certain how this might affect the management role of Lonrho, which drew up the project.

The modification to the scheme that may be proposed at tomorrow's meeting is to raise its annual retaining capacity from 350,000 to 500,000 tons.

Not only has the cost risen far beyond the \$250m. expected when work began two years ago, the estimated date for the start of production, which earlier was the 1977-78 crushing season, had been pushed by the end of last year to November 1978.

The scheme is the largest under the management wing of Lonrho, which has major interests in Africa but has lately been pushed rapidly in the U.K. through take-over bids.

The planned acquisition of Dunford and Elliott.

Export credits should provide \$150m. of the finance needed on top of the projected increase in share capital of \$260m.

The \$100m-\$150m soft loans to be sought from Arab and international financial institutions would bring the total to well over \$300m.

The soft loans would be used principally for such areas as providing housing for the workers on the project and for infrastructure work, including irrigation.

Sources close to the Arab Investment Company stress that there is to be a different approach to the detailed implementation of the Kenana scheme.

The modification to the scheme that may be proposed at tomorrow's meeting is to raise its annual retaining capacity from 350,000 to 500,000 tons.

Not only has the cost risen far beyond the \$250m. expected when work began two years ago, the estimated date for the start of production, which earlier was the 1977-78 crushing season, had been pushed by the end of last year to November 1978.

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The planned acquisition of Dunford and Elliott.

Boeing faces 'irregular' foreign payouts probe

BY JAY PALMER

RECORDS of many of Boeing's foreign sales since 1966 are now being closely studied by the U.S. Securities and Exchange Commission for possible evidence of questionable payments or bribes by the U.S. aerospace company.

The information turned over to the commission is in clear and concise form, containing extensive information on sales and purchase agreements for commercial aircraft signed by the company with some 11 foreign governments and a total of 48 foreign airlines.

All Boeing sales to the commission are in an original subpoena filed in U.S. courts demanding sales data that is particularly interested in receiving information on sales to the Governments of Canada, Egypt, Portugal and Venezuela.

Reacted To-day, the Canadian Government became the first of those named as being of interest to the commission to react publicly.

A spokesman for Mr. Pierre Trudeau, the Prime Minister, said that Government officials would contact the commission immediately to find out what the relevant facts are.

Earlier this week Federal Government investigators in Washington were reported to be assembling strong evidence that the U.S. Central Intelligence Agency may have known about and even possibly encouraged

some time on Wednesday, and two armed men posted outside his cabin door.

The dispute is over the wages paid to the Filipinos, who left the ship after she was occupied and were being flown to Manila.

The International Transport Workers' Federation claims they were getting less than half the ITF monthly rate of about \$510.

Mr. Tikkoo has said he "does not recognize" the ITF, and has complained of a "Communist and union vendetta" which makes him want to leave Britain as soon as possible.

Fifteen of the men who boarded the ship flew to London yesterday morning from Paris.

The union continued to insist that the ship's original master, Captain Timothy West, had had full control of the ship removed from him by the boarders for

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The growth tempo slows at EMI

THE LEX COLUMN

The growth tempo slows at EMI

EMI's half-year figures confirm that its medical electronics division is no longer in an explosive growth phase.

Overall profits have risen from £26.6m. to £36.7m. pre-tax—and the main impetus has come from the music side, which has climbed back to over half the pre-interest profits total following a jump of well over two-fifths in the half-year.

By contrast, electronics profits are only about a sixth higher, and although this takes in a downturn in the Australian colour TV interests it also reflects what EMI describes as a considerable slowdown in its North American Scanner business.

This is largely put down to the increasing intervention of regulatory agencies in the health field, which could apparently persist to the end of the calendar year.

As a result the increase in new orders since September has been limited to about £30m; the cumulative total now amounts to around £155m., of which £50m. has yet to be delivered.

In addition there have been heavy research expenses associated with the pressure for faster scanning times, and EMI has also had a problem with SEM Nuclear Corporation, acquired last year, where unquantified provisions have had to be made against equipment which had been despatched prior to the purchase date.

An indication of the impact of all this is that North American profits are just £21m. higher at £3.1m. pre-interest. Capital, which admittedly includes some Japanese earnings, has already disclosed a pre-tax rise of over £3m. for the period.

However, the Scanner is not being pressed by price competition in the U.S., and it still seems to be in front in the technical race. GE is the only group currently producing a machine with a significantly faster scan time, and has so far delivered only a few.

For its part, EMI will be coming out with new products in the fairly near future. In the rest of the world, sales are apparently moving ahead strongly.

The Screen Gems music publishing business, acquired in 1976 for £23m., will start to make a contribution over the rest of the year.

The TV contracting side is likely to put in another strong performance, and finance costs could be

rather less of a burden. But seasonal swings in the music business mean that group profits are usually lower in the second half than the first, and overall targets for the year may be limited to a shade under £70m. pre-tax compared with £59.4m. in 1976-77.

That would leave a prospective p/e of 7.4, a yield of 5.1 per cent—and not much room for enthusiasm about the shares at 216p.

PSBR The process of convergence of the various brokers' estimates of the public sector borrowing requirement for 1976-77 continues, with attention now focusing on the lower end of the range—where Capel-Cure Myers, for instance, has for some weeks been predicting £9.9bn.

Yesterday's official figures for the third quarter of the financial year indicate that the PSBR was in fact running at an annualised rate of £9.3bn. in the first nine months.

The central Government figures were already known, but now it is shown that the local authorities and public corporations have also been borrowing substantially less than the last Budget projections.

An annual total of £9.3bn. allows for some increase in the current quarter from the very low PSBR recorded for October, December, and indeed a last-minute surge in spending is quite likely as the departments spend up to their cash limits.

But there will have to be a spectacular binge to make the year's figure up to very near the £10bn. mark.

These figures form the background to the recent continuing big dividend increase in 1977-78 falls in interest rates. But the yield will only be 4 per cent.

Racal Racal jumped another 22p to 306p yesterday following confirmation of its £14.7m. rights issue and its updated profits forecast—a rise of over three-fifths to £32m. for the year ending this month—but the excitement may now be over for the moment. The p/e, adjusted for Milgo, and the rights issue, is £10bn.

Vantona Vantona's sales volume rose by a tenth last year and for the first quarter of 1976-77 the group reckons to be about 15 per cent ahead. So the market in household textiles shows no obvious signs of running out of immediate steam.

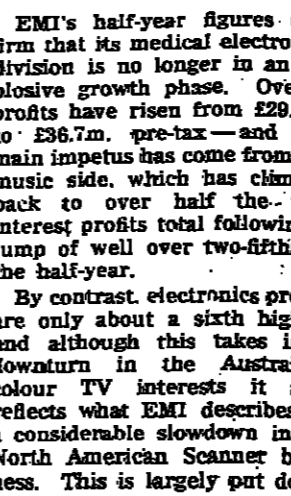
Against this background it now looks as though Vantona could get close to profits of £8m. pre-tax in the current year, compared with yesterday's announcement of a rise from £4.2m. to £6.3m.

The second half of the year saw margins move ahead sharply with Vantona citing merger benefits plus strong export growth on top of good demand at home; overseas markets possibly accounted for a sixth of overall profits.

The group has strong links with some of the more successful retailers, notably Marks and Spencer where four out of every five towels sold currently are Vantona products; it also has a sizeable stake in the more-fashionable end of the bedding market.

The strong earnings trend plus the linen hire sale has transformed the balance sheet turning net overdrafts of £3.3m. into net cash of £9.7m., and dropping net borrowings down to just over a third of net worth.

Vantona's market is clearly in one of the more discretionary areas of consumer spending. But the Board is happy about the outlook, and a p/e of 5.1 at 85p could shed over a point this year. Yield meanwhile is a well covered 7.7 per cent.



Index rose 2.1 to 412.7

Bank of England yesterday held MLR steady and signalled continuing restraint to the discount market.

With the banking system repaying the temporarily released 1 per cent special deposits next week, money could be fairly tight.

All the same, the "shadow" MLR indicated by the suspended Friday formula seems likely to fall another quarter point to 11 1/2 per cent to-day.

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Weather U.K. TO-DAY RAIN at first in places, becoming dry with sunny periods.

S.E. Cent. S., E., S.W. and Cent. N. England, E. Anglia, Midlands, Channel Is., S. Wales cloudy, some rain, becoming dry with sunny periods.

W. Max. temp. 13C (55F) N. Wales, N.W. and N.E. England, Lake District, Isle of Man mainly dry, sunny periods.

Wind W. Max. temp. 13C (54F) Borders, S.W. Scotland, Northern

Sunny periods, scattered showers. Wind W. Max. temp. 10C (50F).

Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll, N.E. and S.W. Shetland

Showers, some bright intervals. Wind W. Max. temp. 9C (48F).

Outlook: Dry at first with sunny periods. Rain spreading from the W. later.

BUSINESS CENTRES

Y'day mid-day Y'day mid-day

Alexandria C 10 Madrid F 18 54

Amsterdam C 10 Manchester F 11 52

Algeria F 9 48 Melbourne F 23 72

Bombay F 9 48 London F 18 54

Batavia F 9 48 Montreal C 11 57

Beirut C 11 57 Moscow F 14 57

Bombay F 9 48 New York F 19 56

Buenos Aires F 12 54 Osaka F 21 70

Brisbane F 12 54 Perth F 17 62

Brussels F 12 54 Singapore F 23 72

Cairo F 12 54 Sydney F 24 72

Calcutta F 12 54 Taipei F 24 72

Cardiff C 10 50 Prague F 11 52

Cebu F 12 54 Reykjavik F 11 52

Colon F 12 54 Rome F 11 52

Copenhagen C 10 50 Saigon F 23 72

Dublin F 12 54 Seoul F 23 72

Edinburgh F 12 54 Stockholm F 15 50

Frankfurt C 10 50 Strasbourg C 15 50

Geneva F 12 54 Sydney F 24 72

Hankow F 12 54 Tokyo F 23 72

Hong Kong F 12 54 Toronto F 11 52

Imbabura F 12 54 Tel Aviv F 11 52

Jakarta F 12 54 Vancouver F 11 52

London F 18 54 Zurich F 11 52

Luxembourg C 10 50

Y'day mid-day Y'day mid-day

Algeria C 13 59 Las Palmas C 21 72

Amsterdam C 13 59 Lagos F 21 72

Batavia F 13 59 London F 21 72

Bombay F 13 59 Manila F 21 72

Buenos Aires F 13 59 Mexico F 21 72

Calcutta F 13 59 New York F 21 72

Cape Town F 13 59 Osaka F 21 72

Cebu F 13 59 Perth F 21 72

Colon F 13 59 Singapore F 21 72

Dublin F 13 59 Sydney F 21 72

Edinburgh F 13 59 Taipei F 21 72

Frankfurt C 13 59 Toronto F 21 72

Geneva F 13 59 Vancouver F 21 72

Hankow F 13 59 Zurich F 21 72

Hong Kong F 13 59

Imbabura F 13 59

Jakarta F 13 59

London F 13 59

Luxembourg C 13 59

Manila F 13 59

Mexico F 13 59

Montevideo F 13 59

Moscow F 13 59

New York F 13 59

Osaka F 13 59

Perth F 13 59

Rangoon F 13 59

Reykjavik F 13 59

Rome F 13 59

Sao Paulo F 13 59

Seoul F 13 59

Singapore F 13 59

Sydney F 13 59

Taipei F 13 59

Tel Aviv F 13 59

Tokyo F 13 59

Toronto F 13 59

Vancouver F 13 59

Zurich F 13 59

Sun-F. C. Cloudy. F-Fair. R-Rain. S-Snow. Dr-Drizzle. Sh-Showers.

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Snow Report Page 10

Bass Charrington 'brewed' it with BISON. We'd like to toast Bass Charrington. Their new Group Headquarters at Burton-on-Trent won the Burton Civic Society Award